



**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2004

(CIVIL)

**GOVERNMENT OF
HIMACHAL PRADESH**

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PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on the matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2004.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation and Public Health Departments, audit of Stores and Stock and audit of Autonomous Bodies.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2003-2004 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2003-2004 have also been included wherever necessary.

OVERVIEW

This Report contains 38 Audit Paragraphs and six performance reviews/long paragraphs apart from comments on the Finance and Appropriation Accounts. The draft Audit Paragraphs and draft Audit Reviews are sent to the concerned Secretaries to the State Government by the Accountant General with a request to furnish replies within eight weeks. The Secretaries are also reminded by the Accountant General for replies. However, despite such efforts, no response was received from the concerned Secretaries to the State Government.

1. FINANCES OF THE STATE GOVERNMENT

- ◆ The revenue deficit of the State increased from Rs 106 crore in 1999-2000 to Rs 1,607 crore in 2003-2004. The fiscal deficit too increased from Rs 189 crore to Rs 2,384 crore during the corresponding period. As proportion to State's gross domestic product, revenue deficit had increased to 8.92 *per cent* in 2003-2004.
- ◆ Revenue receipts of the State increased from Rs 3,715 crore in 1999-2000 to Rs 3,981 crore in 2003-2004. Rate of growth during 2003-2004 was 8.80 *per cent*. Rate of growth of revenue receipts failed to keep pace with GSDP growth in three out of five years and overall buoyancy was less than one.
- ◆ Overall expenditure of the State comprising revenue expenditure, capital expenditure and the loans and advances increased at an average annual trend of 10 *per cent* to Rs 6,393 crore in 2003-2004 from Rs 4,435 crore in 1999-2000. Expenditure on General Services and Interest payments considered as non-developmental accounted for 39.21 *per cent* of the total expenditure.
- ◆ By the end of 2003-2004 total investment in statutory corporations, etc., stood at Rs 1,922 crore compared to Rs 1,105 crore in 1999-2000. Dividend received from these companies, etc., was negligible.
- ◆ Fiscal liabilities of the State increased from Rs 7,104 crore in 1999-2000 to Rs 14,437 crore in 2003-2004 at an average annual rate of 18.34 *per cent*. The net funds available towards the internal debt, loans and advances from Government of India and other liabilities after providing for interest and repayments were 24 *per cent* on an average during 1999-2004 of total fiscal liabilities. In addition, Government had given guarantees which stood at Rs 4,682 crore.
- ◆ The Government could not maintain minimum cash balance with the Reserve Bank of India and obtained ways and means advances of Rs 1,729 crore on 133 days and overdraft of Rs 1,145 crore on 117 days. Interest of Rs 7.13 crore was paid during the year on ways and means advances and overdraft.

- ♦ Failure to sign the Memorandum of Understanding before the commencement of financial year 2003-04 and also to bring about the required improvement in revenue deficit, deprived the State Government of revenue deficit grant of Rs 125.88 crore. Besides, matching grant of Rs 8.03 crore for the Incentive Fund and assistance of Rs 15.22 crore could also not be obtained from the Government of India.

(Chapter-1)

2. ALLOCATIVE PRIORITIES AND APPROPRIATION

- ♦ Expenditure incurred by the Government substantially in excess of the amounts sanctioned by the State Legislature, remained to be regularised in terms of Article 205 of the Constitution of India. As of August 2004, excess expenditure of Rs 12,836.25 crore incurred during 2000-2004 remained to be regularised.
- ♦ During 2003-2004, there were savings in 44 cases aggregating Rs 697 crore. Of these, savings of Rs 651 crore (93 per cent) occurred in seven grants and one appropriation.
- ♦ Supplementary provisions totalling Rs 30.46 crore obtained in six cases during the year proved unnecessary as the expenditure in these cases was less than the original budget provisions.
- ♦ In nine cases, the amount surrendered exceeded the overall savings by Rs 14.11 crore. Further, in the case of two grants, Rs 9.28 crore were surrendered although expenditure exceeded the grant and no savings were available for surrender.
- ♦ Recoveries in reduction of expenditure were grossly underestimated by Rs 344.11 crore.
- ♦ In 23 cases (sub-heads) involving 11 grants/appropriations Rs 185.12 crore were injudiciously reappropriated as the original grants were adequate or no savings were available for surrender.
- ♦ Expenditure of Rs 308.66 crore in respect of two heads of account remained unreconciled.

(Chapter-II)

PERFORMANCE REVIEWS/LONG PARAGRAPHS

3. Working of Health and Family Welfare Department

The main objective of Health and Family Welfare Department to provide "Health for all by the year 2000", for which specific goals were set, was not achieved by March 2004 in respect of pre-natal and child mortality, effective couple protection, pregnant mothers receiving ante-natal services and delivery

by trained attendants, etc. Review of certain aspects of working of the department revealed the following main points:

- ◆ Investment of Rs five crore in Himachal Pradesh Health System Corporation to improve infrastructure in health institutions could not achieve the intended purpose as no infrastructure was created.
- ◆ Of 3,276 vacant posts as of October 2003, all the posts under 19 categories remained vacant which affected the healthcare services in the State.
- ◆ Pre-service training courses for nurses and multipurpose health workers were not conducted after 2001-2002 and salary of Rs 78.13 lakh was paid to the training staff for the idle period.
- ◆ Fifty bed Mental Hospital constructed in Shimla at a cost of Rs 2.17 crore remained non-functional due to non-posting of psychiatrist and related staff.
- ◆ The State Government could not avail additional Central assistance of Rs 8.96 crore provided by the Government of India under Pradhan Mantri's Gramodaya Yojna for strengthening rural health sector.

(Paragraph 3.1)

4. Pradhan Mantri Gram Sadak Yojna (PMGSY)

The scheme launched in December 2000, aimed at connecting every village having population of more than 1,000 through good all weather roads within three years and villages having population of more than 500 (250 in case of hilly/desert tracts) were to be connected by 2007. A review of implementation of the scheme in the State revealed that there was significant shortfall in achievement of targets fixed for completion of roads. Funds were not fully utilised. Guidelines of the scheme were not followed while executing the works. Instances of sub-standard execution of works, undue financial aid to contractors and illegitimate charge to works were noticed. Some of the significant audit findings were:

- ◆ Against 229 villages with a population of over one thousand to be connected through 215 roads by 2003, only 41 could be linked through 37 roads by March 2004.
- ◆ Only 149 roads covering 213 villages with a population of over 250 could be completed by March 2004 as against 245 roads covering 359 villages approved for completion by June 2003 under PMGSY 2001-2002 (Phase-II).
- ◆ Funds of Rs 62.30 crore and interest of Rs 5.72 crore remained unutilised with seven Project Implementation Units and two District Rural Development Agencies.
- ◆ Thirteen roads costing Rs 5.12 crore were incorrectly reported as having been completed during June 2002-December 2003 though only

11 roads were actually completed by September 2003-March 2004 and two roads were still incomplete as of April 2004.

- ◆ In 15 divisions, performance security of Rs 1.91 crore was not obtained from 35 contractors. Further, against the leviable liquidated damages of Rs 3.21 crore on 38 contractors in 13 divisions, liquidated damages of Rs 58 lakh alone were levied out of which Rs 3 lakh only were recovered.
- ◆ Incorrect designing of pavements of 13 roads under five divisions resulted in sub-standard execution of works to the extent of Rs 5.18 crore. Adoption of uneconomical specifications for the execution of 90 roads under 15 divisions resulted in extra avoidable expenditure of Rs 1.09 crore and failure to ensure quality control had resulted in sub-standard execution of a road costing Rs 88 lakh.
- ◆ In five divisions, 10 "All Weather Roads" constructed at a cost of Rs 5.42 crore could not be used for want of bridge/railway crossings.

(Paragraph 3.2)

5. Sectoral Decentralised Planning Programme

Audit scrutiny of records relating to implementation of the programme revealed the following main points:

- ◆ Funds ranging between Rs 4.88 crore and Rs 19.60 crore remained unspent with the Deputy Commissioners, Hamirpur, Kangra and Mandi during 1999-2004 and were kept in banks. Further, unutilised funds of Rs 5.56 crore were kept by various implementing agencies in commercial banks as of March 2004.
- ◆ The Deputy Commissioners of Hamirpur, Kangra and Mandi districts sanctioned 3,849 works valuing Rs 54.54 crore during 1999-2004. Of these, 2,169 works valuing Rs 36.27 crore had not been approved by the District Planning, Development and Twenty Point Programme Review Committee, as required.
- ◆ Expenditure of Rs 64.90 lakh incurred on construction of sheds for Government College at Balh (Paur) near Palampur during 2002 was rendered wasteful due to change of site of the college to Tikka Nihag in Palampur.
- ◆ Funds of Rs 88.16 lakh meant for rural water supply schemes were unauthorisedly diverted by the Deputy Commissioners of Hamirpur, Kangra and Mandi districts to other heads of account in violation of the guidelines of the programme.
- ◆ The programme was not effectively monitored by the Principal Advisor-cum-Secretary (Planning) as no records relating to works sanctioned under the programme, taken up for execution, completed and remaining incomplete were maintained in his office.

(Paragraph 3.3)

6. Himachal Pradesh Energy Development Agency (Himurja)

Test-check of the records of the Himachal Pradesh Energy Development Agency (*Himurja*) revealed the following points:

- ♦ *Himurja* unauthorisedly created capital fund without laying down the manner in which funds available in the capital fund were to be utilised.
- ♦ Delay in commissioning of Micro Hydel Projects in Chamba, Kangra, Kullu and Lahaul and Spiti districts resulted in non-generation of 91,10,400 units of energy entailing revenue loss of Rs 2.28 crore. Further, Gharola, Juthed, Kothi, Lingti and Sural projects commissioned between January 2001 and July 2003 were running at seven to 56 *per cent* of their installed capacity which resulted in loss of revenue of Rs 1.21 crore.
- ♦ Against the proposed installation of 600 Hydrams at various places in the State, only 206 hydrams were installed.

(Paragraph 3.4)

AUDIT OF TRANSACTIONS

7. Infuctuous/wasteful expenditure and overpayment

- ♦ Application of incorrect rule for regulation of pay on promotion of Head Teachers during March 1996 to November 2003 resulted in overpayment of Rs 19.43 lakh.

(Paragraph 4.1)

8. Avoidable/excess/unfruitful expenditure

- ♦ Investment of Rs 1.59 crore on purchase of 5,000 square metre of land for study centre of International Centre for Distance Education and Open Learning of Himachal Pradesh University at Delhi in April 2000 proved idle as the centre had not been constructed as of March 2004.

(Paragraph 4.2)

- ♦ Instructions of the Government of March 2001 transferring 28 godowns to the Himachal Pradesh Civil Supplies Corporation without incurring any future liabilities were not followed and the Food and Supplies Department incurred unauthorised expenditure of Rs 43 lakh on construction of godowns at Karyuni and Karyas in Pangi valley.

(Paragraph 4.3)

- ◆ Expenditure of Rs 40.95 lakh was unauthorisedly incurred on salaries of cooks deployed in HIPA Co-operative Mess Limited, Fairlawns, Shimla and those declared surplus in five hospitals due to transfer of catering services to the Himachal Pradesh Tourism Development Corporation and private contractors.

(Paragraph 4.4)

- ◆ Purchase of medicines by Health and Family Welfare Department from the open market during 1997-2003 without following the procedure for procurement thereof resulted in loss of Rs 22.98 lakh to the Government.

(Paragraph 4.5)

- ◆ Negligence on the part of Science, Technology and Environment Department/Government to issue instructions for adopting the methods for removal of advertisements and hoardings from the rocks, etc., in Kullu district resulted in avoidable payment of Rs one crore.

(Paragraph 4.7)

- ◆ Thirteen officials of Primary Education and Animal Husbandry departments did not report for duty at new stations on transfer between August 2001 and May 2003 but their successors joined duties against them. Thus two officials were deployed against one post in every case, resulting in unauthorised expenditure of Rs 15.33 lakh.

(Paragraph 4.8)

- ◆ Failure of the Executive Engineer, Kalpa Public Works Division to acquire private land falling in the alignment of two roads resulted in the works remaining incomplete and unfruitful expenditure of Rs 1.05 crore.

(Paragraph 4.9)

- ◆ The inability of Public Works Division, Chopal in Shimla district to supply correct drawings for fabrication of super-structure of a bridge over *Patal khad* resulted in unfruitful expenditure of Rs 39.95 lakh besides creation of an avoidable liability of Rs 13 lakh.

(Paragraph 4.14)

- ◆ Faulty planning in the construction of Leedang Demul motorable road in Spiti valley resulted in unfruitful expenditure of Rs 1.46 crore and denial of intended benefits to the beneficiaries.

(Paragraph 4.15)

- ◆ Injudicious rescission of contracts of 15 contractors and non-initiation of action against the contractors for non-commencement of contracted works resulted in extra avoidable expenditure of Rs 23.32 lakh besides undue financial favour of Rs 6.09 lakh to the contractors.

(Paragraph 4.17)

- ◆ Lift irrigation schemes Pirh and Maila (Kangra district) constructed in May 1999 provided negligible irrigation to the culturable command area resulting in unfruitful expenditure of Rs 97.02 lakh.

(Paragraph 4.18)

- ◆ Flow irrigation scheme, Hudan Bhatori in Pangi tehsil provided irrigation to only five *per cent* of the envisaged culturable command area of 1,023 hectares resulting in unfruitful expenditure of Rs 66.39 lakh.

(Paragraph 4.19)

9. Idle investment/idle establishment/blockage of funds

- ◆ Lack of proper survey and investigation before commencement of construction of Tissa Shawa road in Chamba district in May 1996 resulted in idle investment of Rs 59.15 lakh as the road was not constructed upto motorable standards and could not be opened for vehicular traffic.

(Paragraph 4.23)

- ◆ No irrigation was provided by three flow irrigation schemes in Spiti Valley since their commissioning in 1995-96 resulting in wasteful investment of Rs 1.12 crore.

(Paragraph 4.24)

- ◆ Investment of Rs 1.17 crore on lift irrigation scheme, Gathutar in Kangra district proved idle as negligible irrigation was provided by the scheme due to defective designing of rising main and distribution system.

(Paragraph 4.25)

10. Regulatory issues and other points

- ◆ Students' fund amounting to Rs 20.85 lakh was unauthorisedly diverted by the Himachal Pradesh University for payment of salary to the teaching staff.

(Paragraph 4.28)

- ◆ Vice Chancellor of Himachal Pradesh University committed serious irregularities in operation of secrecy fund.

(Paragraph 4.29)

- ◆ Fees amounting to Rs 2.04 crore received from non-resident Indian students were deposited by the Principal, Indira Gandhi Medical College, Shimla in the bank account of the Indira Gandhi Medical College and Hospital Welfare Society, Shimla resulting in falsification of accounts.

(Paragraph 4.30)

- ◆ Treated water was not supplied to the beneficiaries by Executive Engineers of Arki, Kullu-I, Mandi, Shimla-I and Sundernagar divisions even after investment of Rs 9.49 crore on water supply schemes and hand pumps.

(Paragraph 4.32)

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

In Summary

Large Revenue and Fiscal deficits year after year indicate continued macro imbalances in the State. In Himachal Pradesh Revenue deficit had increased from Rs 1,482 crore in 2002-03 to Rs 1,607 crore in 2003-04 (current year).

Revenue of the State consists mainly of its own tax and non-tax revenue. Central tax transfers and grants-in-aid from Government of India. Overall revenue receipts increased from Rs 3,715 crore in 1999-2000 to Rs 3,981 crore in 2003-04 at an average trend rate of 8.55 *per cent*. There were, however, significant inter year variations in the growth rates. During the current year the revenue receipts grew by 8.80 *per cent*. Arrears of revenue were at a high of Rs 405 crore and represented 31.74 *per cent* of tax and non-tax revenue receipts of the current year. On an average 32 *per cent* of the revenue came from State's own resources.

Total expenditure of the State increased from Rs 4,435 crore in 1999-2000 to Rs 6,393 crore in 2003-04 at an average trend rate of 10 *per cent*. The rate of growth of expenditure in 2003-04 was 6.04 *per cent* which was lower than the average trend rate (10 *per cent*) for five years.

The interest payment during 2003-04 was Rs 1,473 crore and the same grew by 25.68 *per cent* over the last year. The average growth rate of interest payment during the period 1999-2004 was 18.80 *per cent*. Debt burden (fiscal liabilities) of the State at the end of 2003-04 was Rs 14,437 crore, up by 16.49 *per cent* over the previous year. The finances of the State continued to be dependent on the ways and means advances/overdraft from Reserve Bank of India for day to day expenditure.

State Government has not yet passed any Fiscal Responsibility Act but entered into Memorandum of Understanding with Government of India in May 2004.

Though it is not uncommon for a State to borrow for widening its infrastructure and for creating income generating assets, an ever increasing ratio of fiscal liabilities to GSDP together with a large revenue deficit could lead the State finances into a debt trap.

1.1 Introduction

The Finance Accounts of the Government of Himachal Pradesh are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account

of the State Government. The lay out of the Finance Accounts is depicted in the Box 1.1.

Box 1.1

Lay out of Finance Accounts

Statement No. 1: presents the summary of transactions of the State Government-receipts and expenditure, revenue and capital, public debt receipts and disbursements etc. in the Consolidated Fund, Contingency Fund and Public Account of the State.

Statement No. 2: contains the summarised statement of capital outlay showing progressive expenditure to the end of current year.

Statement No. 3: gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.

Statement No. 4: indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No. 5: gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in the arrears, etc.

Statement No. 6: gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.

Statement No. 7: gives the summary of cash balances and investments made out of such balances.

Statement No. 8: depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2004.

Statement No. 9: shows the revenue and expenditure under different heads for the current year as a percentage of total revenue/expenditure.

Statement No. 10: indicates the distribution between the charged and voted expenditure incurred during the year.

Statement No. 11: indicates the detailed account of revenue receipts by minor heads.

Statement No. 12 provides accounts of revenue expenditure by minor heads under non-plan, State plan and centrally sponsored schemes separately and capital expenditure major head-wise.

Statement No. 13: depicts the detailed capital expenditure incurred during and to the end of the current year.

Statement No. 14: shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, cooperative banks and societies etc. up to the end of the current year.

Statement No. 15: depicts the capital and other expenditure to the end of the current year and the principal sources from which the funds were provided for that expenditure.

Statement No. 16: gives the detailed account of receipts disbursements and balances under heads of account relating to debt, Contingency Fund and Public Account.

Statement No. 17: presents the detailed account of debt and other interest bearing obligations of the Government.

Statement No. 18: provides the detailed account of loans and advances given by the Government of Himachal Pradesh, the amount of loans repaid during the year, the balances at the end of the year and the amount of interest received during the year.

Statement No. 19: gives the details of balances of earmarked funds.

1.2 Trend of Finances with reference to Previous year

Finances of the State Government during the current year compared to previous year were as under:

(Rupees in crore)

2002-03	Sr. No.	Major Aggregates	2003-04
3659	1.	Revenue Receipts (2+3+4)	3981
890	2.	Tax Revenue	984
175	3.	Non-Tax Revenue	292
2594	4.	Other Receipts	2705
29	5.	Non-Debt Capital Receipts	28
29	6.	Of which Recovery of Loans	28
3688	7.	Total Receipts (1+5)	4009
3753	8.	Non-Plan Expenditure (9+11+12)	4754
3755	9.	On Revenue Account	4748
1172	10.	Of which, Interest Payments	1473
(-) 02	11.	On Capital Account	04
--	12.	On Loans disbursed	02
2276	13.	Plan Expenditure (14+15+16)	1639
1386	14.	On Revenue Account	840
862	15.	On Capital Account	781
28	16.	On Loans disbursed	18
6029	17.	Total Expenditure (8+13)	6393
2341	18.	Fiscal Deficit (17-1-5)	2384
1482	19.	Revenue Deficit (9+14-1)	1607
1169	20.	Primary Deficit (18-10)	911

1.3 Summary of Receipts and Disbursements for the year

Table-1.1 summarises the finances of the State Government of Himachal Pradesh for the year 2003-04 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public accounts receipts and disbursements made during the year as emerging

from Statement-I of Finance Accounts and other detailed Statements.

Table-1.1: Summary of Receipts and disbursements for the year 2003-04

(Rupees in crore)

2002-03	Receipts	2003-04	2002-03	Disbursements	2003-04		
Section-A: Revenue							
					Non-Plan	Plan	Total
3658.75	I. Revenue receipts	3980.92	5141.15	I. Revenue expenditure	4748.21	839.87	5588.08
889.71	Tax revenue	984.33	2130.67	General Services	2467.36	15.94	2483.30
175.49	Non-tax revenue	291.76	1608.86	Social Services	1384.56	547.90	1932.46
345.46	Share of Union Taxes/Duties	449.54	1345.99	Economic Services	893.42	276.03	1169.45
2248.09	Grants from Government of India	2255.29	55.63	Grants-in-aid/Contributions	2.87	--	2.87
Section-B: Capital							
	II. Miscellaneous Capital Receipts		859.74*	II. Capital Outlay	4.00	780.84	784.84
28.95	III. Recoveries of Loans and Advances	28.29	28.37	III. Loans and Advances disbursed	1.94	17.97	19.91
2198.74**	IV. Public debt receipts	3762.32	684.41	IV. Repayment of Public Debt			1854.82
	V. Contingency Fund	--		V. Contingency Fund			--
4155.69	VI. Public account receipts	5033.31	3461.52	VI. Public account disbursements			4788.35
45.77	Opening Balance	(-) 87.29	(-) 87.29	Closing Balance			(-) 318.45
10087.90	Total:	12717.55	10087.90	Total:			12717.55

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statements of the Finance Accounts for the year 2003-04 and wherever necessary, show these in the light of time series data and periodic comparisons. The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources (iii) Assets and Liabilities, and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body

* These are net figures exclusive of recoveries adjusted in reduction of capital expenditure.

** Includes Rs 197.78 crore being the share of small savings collections for the year 1999-2001 transferred from the head 6004-01-102.

corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

The reporting parameters are depicted in the Box-1.2.

Box-1.2: Reporting Parameters

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The New GSDP series as base as supplied by the Economics and Statistics Department of the State Government have been used.

For tax revenues, non-tax revenues, revenue expenditure, etc., buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP.

For most series a trend growth during 1999-2004 has been indicated. The ratios with respect of GSDP have also been depicted. Some of the terms used here are explained in Appendix-I.

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account as defined in Box 1.3.

Box-1.3: State Government Funds and the Public Account

Consolidated Fund	Contingency Fund	Public Account
All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.	Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.	Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc., are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursements are made from it.

1.5 State finances by key indicators

1.5.1. Resources by volumes and Sources: Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts

consist of tax revenues, non-tax revenues, state's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz., market loans, borrowings from financial institutions. Commercial banks, etc., and loans and advances from Government of India as well as accruals from Public account.

Table-1.2 shows that the total receipts of the State Government for the year 2003-04 were Rs 12,804 crore. Of these, the revenue receipts of the State Government were Rs 3,981 crore only, constituting 31 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table-1.2: Resources of Himachal Pradesh

(Rupees in crore)

I.		Revenue Receipts		3,981
II.		Capital Receipts		3,790
	(a)	Miscellaneous Receipts	--	
	(b)	Recovery of Loans and Advances	28	
	(c)	Public Debt Receipts	3762	
III.		Contingency Fund Receipts	--	--
IV.		Public Account Receipts		5,033
	(a)	Small Savings, Provident Fund, etc.	833	
	(b)	Reserve Fund	140	
	(c)	Deposits and Advances	1375	
	(d)	Suspense and Miscellaneous	172	
	(e)	Remittances	2513	
		Total Receipts		12,804

1.5.2. Revenue Receipts: Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State consist mainly of its own tax and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the State's Gross

Domestic Product (GSDP) and its buoyancy is indicated in Table-1.3.

Table-1.3: Revenue Receipts-Basic Parameters (Values in Rupees in crore and others in *per cent*)

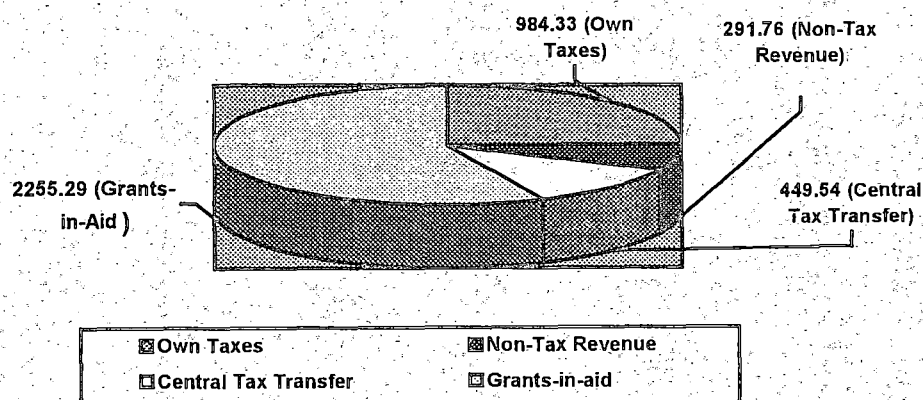
	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Revenue Receipts	3715	3046	3716	3659	3981	3623
Own Taxes	16.69	23.93	24.65	24.32	24.72	22.85
Non-Tax Revenue	28.43	5.81	5.33	4.78	7.33	10.48
Central tax Transfers	24.79	10.83	8.74	9.46	11.30	13.09
Grants-in-aid	30.09	59.42	61.28	61.44	56.65	53.59
Rate of Growth	60.68	(-) 18.01	22.00	(-) 1.53	8.80	8.55
Revenue Receipt/GSDP	30.38	22.56	24.87	22.95	22.09	24.27
Revenue Buoyancy	4.234	*	2.065	*	0.677	0.811
GSDP Growth	14.33	10.43	10.66	6.71	13.00	10.53

* Rate of growth of Revenue Receipts was negative.

The revenue receipts of the State increased from Rs 3,715 crore in 1999-2000 to Rs 3,981 crore in 2003-04 at an average trend rate of 8.55 *per cent*. There were, however, significant inter-year variations in the growth rates. During the five year period 1999-2004, the State had a buoyant economy with its GSDP growth averaging 10.53 *per cent*. Revenue growth exceeded GSDP growth rates during 1999-2000 and 2001-2002 and buoyancy of revenue receipt during this period was greater than one. There was sharp decline in revenue buoyancy to 0.677 due to a moderate growth in revenue receipt during 2003-04 relative to GSDP.

While 32 *per cent* of the revenue receipts during 2003-04 have come from State's own resources comprising of taxes and non-taxes, central tax transfers and grants-in-aid together contributed 68 *per cent* of the total revenue. Sales Tax was the major contributor (44 *per cent*) of State's own tax revenue followed by State Excise (29 *per cent*) and taxes on vehicles (8 *per cent*). Of non-tax revenue sources, Non-ferrous Mining and Metallurgical Industries (13 *per cent*) and Power (12 *per cent*) were principal contributors.

Revenue Receipts for 2003-04.
(Rupees in crore)



The arrears of revenue increased by 114 *per cent* from Rs 189 crore in 1999-2000 to Rs 405 crore at the end of 2003-04. Of these, Rs 35 crore (9 *per cent*) were more than five years old. Of the total increase of Rs 216 crore during the period, increase of Rs 209 crore (97 *per cent*) was mainly under "Taxes on Sales, Trade, etc. (Rs 84 crore)", "Taxes on Vehicles (Rs 52 crore)", "Forestry and Wild Life (Rs 42 crore)" and "Taxes and Duties on Electricity (Rs 31 crore)".

The current levels of cost recovery (revenue receipts as a percentage of revenue expenditure) in supply of merit goods and services by Government are 1.28 *per cent* for health and family welfare, 2.53 *per cent* for water supply and sanitation and 4.13 *per cent* for education.

The source of total receipts under different heads and GSDP during 1999-2004 is indicated in Table-1.4.

Table-1.4: Sources of receipts - Trends

(Rupees in crore)

Year	Revenue Receipts	Capital receipts			Total Receipts	Gross State Domestic product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1999-2000	3715	531	1477	4932	10655	12229
2000-2001	3046	27	1557	3878	8508	13504
2001-2002	3716	29	1588	3733	9066	14943
2002-2003	3659	29	2199	4156	10043	15946
2003-2004	3981	28	3762	5033	12804	18019

1.6 Application of resources

1.6.1 Trend of growth: Statements 12 and 13 of the Finance Accounts depict the detailed revenue expenditure by minor heads and capital expenditure by major heads respectively. The total expenditure of the State increased from Rs 4,435 crore in 1999-2000 to Rs 6,393 crore in 2003-04 at an average trend rate of 10 *per cent* per annum. The rate of growth of total expenditure was higher than the rate of growth of revenue receipts during this period.

Total expenditure of the State, its trend and annual growth, ratio of expenditure of the State's GSDP and revenue receipts and its buoyancy with

regard to GSDP and revenue receipts are indicated in Table-1.5 below:

Table-1.5: Total Expenditure-Basic Parameters (value in Rs crore and others in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Total Expenditure	4435	4918	5256	6029	6393	5406
Rate of Growth	10.79	10.89	6.87	14.71	6.04	9.98
TE/GSDP Ratio	36.27	36.42	35.17	37.81	35.48	36.21
Revenue Receipts/TE Ratio	83.77	61.94	70.70	60.69	62.27	67.02
Buoyancy of Total Expenditure with						
GSDP	0.753	1.044	0.645	2.192	0.465	0.947
Revenue Receipts	0.178	*	0.312	*	0.686	1.167

Total Expenditure includes Revenue Expenditure, Capital Expenditure and Loans and Advances.

* Revenue receipts had a negative growth.

Consistent increase of total expenditure over a five-year period 1999-2004 showed a fluctuating trend in percentage of total expenditure to GSDP and also revenue receipts to total expenditure. Though in monetary terms, total expenditure in 2003-04 has increased by Rs 364 crore over previous year its ratio as a percentage of GSDP has shown a decline. The increase in total expenditure in 2003-04 was due to increase in interest payment by Rs 301 crore which was nearly 83 *per cent* of net increase of total expenditure over previous year.

In terms of the activities, total expenditure could be considered as being composed of expenditure on General Services, interest payments, Social and Economic Services, grants-in-aid and other contributions to institutions and loans and advances. Relative share of these components in total expenditure is indicated in Table-1.6.

Table-1.6: Components of Expenditure – Relative Share (in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
General Services	19.93	16.98	17.28	16.09	16.17	17.13
Interest Payments	13.46	16.22	19.82	19.44	23.04	18.80
Social Services	35.56	36.38	34.49	30.74	34.98	34.29
Economic Services	29.25	29.20	27.44	32.36	25.46	28.68
Loans and Advances	1.35	0.81	0.57	0.46	0.31	0.66
Grants-in-aid	0.45	0.41	0.40	0.91	0.04	0.44

The movement of relative share of these components of expenditure indicated that all components of expenditure had inter-year variations. But expenditure on General Services and interest payments which are considered as non-developmental, together accounted for 39.21 *per cent* in 2003-04 as against 33.39 *per cent* in 1999-2000. On the other hand, development expenditure i.e., on Social and Economic Services together accounted for only 60.44 *per cent* in 2003-04 as against 64.81 *per cent* in 1999-2000. This indicated declining priority for developmental expenditure.

1.6.2 Incidence of Revenue expenditure: In the total expenditure, revenue expenditure had the predominant share. Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and revenue receipts and its buoyancy are indicated in Table-1.7.

Table-1.7: Revenue Expenditure - Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Revenue Expenditure (Rupees in crore)	3821	4329	4576	5141	5588	4691
Rate of Growth (<i>per cent</i>)	14.61	13.29	5.71	12.35	8.69	10.61
RE/GSDP	31.25	32.06	30.62	32.24	31.01	31.42
RE as percentage of TE	86.16	88.02	87.06	85.27	87.41	86.77
RE as percentage of RR	102.85	142.12	123.14	140.50	140.37	129.46
Buoyancy of Revenue Expenditure with (<i>per cent</i>)						
GSDP	1.019	1.275	0.536	1.840	0.668	1.007
Revenue Receipts	0.241	*	0.259	*	0.987	1.241

* Revenue receipts had a negative growth.

Overall revenue expenditure of the State increased at an average trend rate of 10.61 *per cent*. Rate of growth of revenue expenditure which was 14.61 *per cent* in 1999-2000 decelerated since then. As a result revenue expenditure-GSDP ratio declined from 31.25 *per cent* in 1999-2000 to 31.01 *per cent* in 2003-04. On an average 86.77 *per cent* of the total expenditure was on current consumption.

(i) High Salary expenditure: Expenditure on salaries including grants-in-aid towards salaries accounted for 60 *per cent* of the revenue receipts and 43 *per cent* of the revenue expenditure of the State during 2003-04. The expenditure on salaries increased from Rs 1,677 crore in 1999-2000 to Rs 2,382 crore in 2003-04 at an average annual rate of 9.25 *per cent* as

indicated in the Table-1.8.

Table: 1.8

(Rupees in crore)

Heads	1999-2000	2000-01	2001-02	2002-03	2003-04
Salary expenditure	1677	1900	2005	2271	2382
As a percentage of GSDP	13.71	14.07	13.42	14.24	13.22
As a percentage of Revenue Receipts	45.14	62.38	53.96	62.07	59.83
As a percentage of Revenue expenditure	43.89	43.89	43.82	44.17	42.63

(ii) **Huge expenditure on pension payments:** Pension payments have increased by 21.31 *per cent* from Rs 474 crore in 1999-2000 to Rs 575 crore in 2003-04 (average annual rate of 5.33 *per cent*). Year-wise break-up of expenditure incurred on pension payments during the years 1999-2000 to 2003-04 was as under:

Table: 1.9

(Rupees in crore)

Year	Expenditure	Percentage to total revenue expenditure
1999-2000	474	12.41
2000-2001	422	9.75
2001-2002	440	9.62
2002-2003	489	9.51
2003-2004	575	10.29

With the increase in number of retirees, the pension liabilities are likely to increase further in future.

(iii) **Interest payments:** The Eleventh Finance Commission (August 2000) has recommended that as a medium term objective, states should endeavour to keep interest payment, as a ratio to revenue receipts at 18 *per cent*. It was, however, observed that the interest payments were more than 18 *per cent* of revenue receipts during 2000-2004 as shown below:

Table: 1.10

(Rupees in crore)

Year	Interest payments	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue Expenditure
1999-2000	597	16.07	15.62
2000-2001	798	26.20	18.43
2001-2002	1042	28.04	22.77
2002-2003	1172	32.03	22.80
2003-2004	1473	37.00	26.36

Interest payments increased steadily by 147 *per cent* from Rs 597 crore in 1999-2000 to Rs 1,473 crore in 2003-04 primarily due to ever increasing borrowings. The interest payment was on Internal Debt (Rs 944 crore), loans received from Central Government (Rs 335 crore) and Small Savings, PF, etc. (Rs 194 crore).

(iv) Subsidies by the Government: Though the finances of the State are under strain, the State Government has been paying subsidies on various items. During the last five years, State Government paid subsidies as under:

Table: 1.11

(Rupees in crore)

Sr. No.	Particulars	1999-2000	2000-01	2001-02	2002-03	2003-04
1.	Fertiliser subsidy	4.21	3.78	0.07	5.37	1.42
2.	Subsidy on Transportation	48.19	43.80	23.11	24.05	12.98
3.	ICDP on Cooperative Societies	0.49	Nil	Nil	0.98	0.75
4.	Fruit Procurement/Plant Protection	1.35	2.47	2.13	2.78	2.23
5.	Others	54.76	65.62	94.37	114.99	66.40
	Total	109.00	115.67	119.68	148.17	83.78
	Percentage of increase (+)/decrease (-) over previous year	(+) 7.28	(+) 6.12	(+) 3.47	(+) 23.81	(-) 43.46
	Percentage of subsidy in total expenditure*	2.49	2.37	-2.29	2.47	1.31

* Total expenditure excludes Loans and Advances

During the current year subsidies constituted one *per cent* of the total expenditure.

1.7 Expenditure by Allocative priorities

The expenditure of the State in the nature of plan expenditure, capital expenditure and development expenditure reflects its quality. Higher the ratio of these components to total expenditure, better is the quality of expenditure. Table-1.12 gives these ratios during 1999-2004, as follows.

Table-1.12: Quality of Expenditure (*per cent* to total expenditure)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Plan Expenditure	37.26	37.64	35.44	37.46	25.43	34.21
Capital Expenditure	12.66	11.25	12.44	14.33	12.32	12.65
Developmental Expenditure	65.69	66.11	62.28	63.39	60.63	63.39

(Total expenditure does not include Loans and Advances).

All the three components of quality of expenditure indicated inter year variations. In the year 2003-04, Plan expenditure decreased substantially when compared to 1999-2000. The decline in developmental expenditure (expenditure on Economic and Social Services) compared to 1999-2000 is disturbing.

Out of the developmental expenditure of Rs 3,864 crore, during the year, social services accounted for 58 per cent (Rs 2,237 crore). Expenditure on General Education, Health and Family Welfare, Water Supply and Sanitation constituted 91 per cent of the expenditure on Social sector.

Table-1.13: Social Sector Expenditure

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Education	837	905	919	957	1006
Health and Family Welfare	275	300	278	297	346
Water Supply and Sanitation	321	400	415	402	682
Total:	1433	1605	1612	1656	2034
As a percentage of expenditure on Social sector	90.87	89.71	88.91	89.37	91.00

Similarly, the expenditure on Economic Services (Rs 1,627 crore) accounted for 42 per cent of the developmental expenditure. Of which, Transport, Agriculture and Allied Services, Energy and Irrigation and Flood Control accounted for 88 per cent.

Table-1.14: Economic Sector Expenditure

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Transport	457	466	448	534	620
Agriculture and Allied Services	416	458	456	608	411
Energy	98	135	251	489	246
Irrigation and flood control	97	98	96	116	153
Total:	1068	1157	1251	1747	1430
As a percentage of expenditure on Economic sector	82.28	80.63	86.75	89.54	87.89

1.7.1 Financial Assistance to Local Bodies and other Institutions

(i) **Extent of assistance:** The quantum of assistance provided by way of grants to different local bodies, etc., during the period of five years

ending 2003-04 was as follows:

Table-1.15: Economic Sector Expenditure

(Rupees in crore)

Name	1999-2000	2000-01	2001-02	2002-03	2003-04
University and other Educational Institution	68.84	74.13	88.47	78.44	94.58
Municipal Corporation and Municipalities	16.77	29.99	18.66	45.15	19.50
Zila Parishads and Panchayati Raj	20.57	85.75	36.25	42.87	48.82
Development Agencies	21.94	8.14	9.84	10.45	77.47
Hospital and other charitable Institutions	0.11	0.10	Nil	0.05	0.21
Other Institutions (including Statutory Bodies)	39.20	14.67	15.87	8.73	32.83
Total:	167.43	212.78	169.09	185.69	273.41
Percentage of Increase (+)/decrease (-) over previous year	(-) 4.17	(+) 27.09	(-) 20.53	(+) 9.82	(+) 47.24
Assistance as a percentage of revenue (expenditure)	4.37	4.92	3.69	3.62	4.89

The total assistance at the end of 2003-04 had grown by 63 *per cent* over the level of 1999-2000. The assistance to local bodies as a percentage of total revenue expenditure had, also increased from 4 in 1999-2000 to 5 in 2003-04.

(ii) **Delay in furnishing Utilisation Certificates:** At the end of March 2004, a total number of 2,810 utilisation certificates (UCs) relating to Rs 369.20 crore in respect of grants released up to March 2003 and due by March 2004 from 14 departments were outstanding as detailed below:

Table: 1.16

(Rupees in crore)

Sr. No.	Department	Number of UCs outstanding	Amount	Earliest year of pendency
1.	Rural Development	1426	136.60	2000-01
2.	Education	191	54.76	1994-95
3.	Urban Development/Local Self Government	149	58.54	2000-01
4.	Animal Husbandry	5	1.04	1994-95
5.	Co-operation	133	1.78	1999-2000
6.	Sports and Youth	84	3.50	1997-98
7.	Tourism	12	2.23	1994-95
8.	Industries	259	10.09	1993-94
9.	Agriculture	139	98.16	2000-01
10.	Forests	4	0.06	1998-99
11.	Science and Technology	6	0.69	2001-02
12.	Art and Culture	391	1.14	1998-99
13.	Medical and Public Health	10	0.56	1996-97
14.	Other Administrative Services	1	0.05	1995-96
Total:		2810	369.20	

(iii) **Delay in submission of accounts:** Submission of 98 accounts from 49 Municipal Corporations/Municipal Committees and *Nagar Panchayats* to the AG up to 31 March 2004 were due as of September 2004, in order to examine to what extent they attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Accounts of two autonomous bodies covered under Section 19 (2) and 19 (3) of the Act, up to 2002-03 were due for periods ranging from one to two years as detailed in **Appendix-II**.

1.7.2 Misappropriation, losses, etc.

Out of 75 cases of misappropriation amounting to Rs 138.13 lakh reported by the State Government to end of March 2004, six cases amounting to Rs 4.71 lakh were disposed off with 69 cases amounting to Rs 133.42 lakh outstanding to the end of June 2004. The year-wise details are given in **Appendix-III**.

1.8 Assets and liabilities

In the Government accounting system, comprehensive accounting of the fixed assets like land and buildings, etc., owned by Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. **Appendix-IV** gives an abstract of such liabilities and the assets as on 31 March 2004, compared with the corresponding position on 31 March 2003. While the liabilities in this statement consist mainly of internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. While the liabilities grew by 19 *per cent*, the assets increased only by 11 *per cent* widening the gap between assets and liabilities and increasing the proportion of liabilities which did not have an asset back up. This shows a continuous deterioration of the financial condition of the State. The liabilities of Government of Himachal Pradesh depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to retired state employees. **Appendices-V** and **VI** give an Abstract of Receipts and Disbursements for the year 2003-04 and Sources and Application of Funds respectively. **Appendix-VII** depicts the Time series data on State Government Finances for the period 1999-2004.

1.8.1. Investments and returns: As of 31 March 2004, Government had invested Rs 1,922 crore in its Statutory Corporations, Government companies, Joint Stock Companies and Co-operative Societies. Average return on this investment was less than 0.06 *per cent* in the last five years. With an average interest rate of 10.28 *per cent* being paid by

Government on its borrowings, the average annual subsidy amounted to 10.23 *per cent* and the implicit subsidy during the period 1999-2004 was Rs 764 crore.

Table-1.17: Return of investment

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Investment (Rs in crore)	1105	1179	1384	1796	1922	1477
Return (Rs in crore)	0.59	0.61	0.89	0.61	0.50	0.64
Percentage of return	0.05	0.05	0.06	0.03	0.03	0.05
Average interest rate paid by the Government	8.83	10.15	11.06	10.37	10.98	10.28
Difference between interest rates and return	8.78	10.10	11.00	10.34	10.95	10.23
Implicit subsidy (Rs in crore)	97	119	152	186	210	151

1.8.2 Loans and advances by State Government: In addition to investments in Co-operatives, Corporations and Companies, Government has also been providing support in terms of loans and advances to many of these parastatals. Total outstanding balance as on 31 March 2004 was Rs 245 crore. Interest received on such loans had varied from 2.72 *per cent* to 33.33 *per cent* during 1999-2004 (Table-1.18). Total implicit subsidy during 1999-2004, on such loans was Rs 242 crore.

Table-1.18: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Opening Balance	710	239	252	253	252
Amount Advanced during the year	60	40	30	28	20
Amount repaid during the year	531	27	29	29	28
Closing Balance	239	252	253	252	244
Net Addition (+)/decrease (-)	(-) 471	(+) 13	(+) 1	(-) 1	(-) 8
Interest Received	158	15	7	8	9
Interest Received as <i>per cent</i> to Loans advanced	33.33*	5.93	2.72	3.31	3.63
Average interest paid by the State (<i>per cent</i>)	8.83	10.15	11.06	10.37	10.98
Difference between interest paid and received (percentage)	(-) 24.50	4.22	8.34	7.05	7.35
Implicit subsidy	174	10	21	18	19

1.8.3 Management of cash balances: It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources

The high percentage of interest received during 1999-2000 was mainly due to crediting of Rs 152.28 crore by State Government to the interest head on loans given to HPSEB.

and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) and Overdraft from Reserve Bank of India has been put in place. State has not shown improvement in management of cash balances as WMA facilities were used for 133 days during 2003-04 as against 92 days in previous year. As regards overdraft, the State Government has used this facility for 117 days only in 2003-04, signifying improvement in cash management.

Table-1.19: Ways and means and overdrafts of the State and Interest paid thereon
(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Ways and Means Advances						
Taken in the year	650.58	848.22	586.57	1109.00	1728.85	984.64
Outstanding	59.00	92.00	92.00	135.00	117.94	99.19
Interest paid	3.29	2.60	5.36	5.47	5.19	4.38
Number of days	81	82	71	92	133	92
Overdraft						
Taken in the year	1508.41	728.73	2227.75	1634.05	1145.28	1448.84
Outstanding	76.40	26.55	275.27	135.00	--	102.64
Interest paid	3.40	2.36	3.80	2.18	1.94	2.74
Number of days	172	103	229	179	117	160

1.8.4 Undischarged liabilities

(i) **Fiscal liabilities – public debt and guarantees:** Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time be fixed by the Act of its Legislature. However, no such law has been passed by the State, to lay down any such limit. Table-1.20 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and the buoyancy of these liabilities with respect of these parameters.

Table-1.20: Fiscal Liabilities–Basic Parameters (value in Rs crore and ratios in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Fiscal Liabilities \$	7104	8621	10220	12393	14437	10555
Rate of Growth	10.69	21.35	18.55	21.26	16.49	18.34
Ratio of Fiscal Liabilities to						
GSDP	58.09	63.84	68.39	77.72	80.12	70.71
Revenue Receipt	191.22	283.03	275.03	338.70	362.65	291.30
Own Resources	423.87	951.55	917.45	1163.66	1131.43	874.19
Buoyancy of Fiscal Liabilities to						
GSDP	0.746	2.048	1.741	3.168	1.269	1.741
Revenue Receipt	0.176	*	0.843	*	1.874	2.146
Own resources	0.093	*	0.808	*	10.832	4.771

\$ Includes internal debt, loans and advances from Government of India and other obligations.

* Revenue receipts and own resources had a negative growth.

Overall fiscal liabilities of the State increased from Rs 7,104 crore in 1999-2000 to Rs 14,437 crore in 2003-04 on an average rate of 18.34 *per cent* in 1999-2004. The ratio of these liabilities to GSDP also increased from 58.09 *per cent* in 1999-2000 to 80.12 *per cent* in 2003-04. These liabilities stood at 3.63 times of its revenue receipts and 11.31 times of its own resources.

In addition to these liabilities, Government have guaranteed loans raised by various Corporations and others which at the end of 2003-04 stood at Rs 4,682 crore. The guarantees are in the nature of contingent liabilities and currently exceed the revenue receipts of the State (Rs 3,981 crore). No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limit within which Government may give guarantees on the security of the Consolidated Fund of the State.

The fiscal liabilities had grown faster than the State's GSDP, revenue receipts and own resources. Average buoyancy of these liabilities with respect to GSDP was 1.741 indicating that for each 0.746 *per cent* increase GSDP fiscal liabilities were growing at the rate of 1.741 *per cent*.

Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. However, in the case of Himachal Pradesh, increasing interest rates and declining trend of GSDP growth has resulted in negative interest spread in two out of five years (Table-1.21). This negative spread of interest may endanger debt sustainability.

Table-1.21: Debt Sustainability– Interest Rate and GSDP Growth (in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Weighted Interest Rate	8.83	10.15	11.06	10.37	10.98	10.28
GSDP Growth	14.33	10.43	10.66	6.71	13.00	10.53
Interest spread	5.50	0.28	(-) 0.49	(-) 3.65	2.02	0.26

Another important indicator of the debt sustainability is the net availability of the borrowed funds after payment of principal and interest. Table-1.22 below gives the position of receipt and repayment of internal debt and other fiscal liabilities of the State over the last five years. The net funds available from the total receipts on account of public debt, loans and advances from Government of India and other debt receipts (including public account) increased from

16.28 per cent in 1999-2000 to 24.87 per cent in 2003-04.

Table-1.22: Net Availability of Borrowed Funds (Rs in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Internal debt						
Receipt	859	1227	1465	2053	3473	1815
Repayment (Principal+Interest)	141	311	503	512	1030	499
Net Fund Available	718	916	962	1541	2443	1316
Net Fund Available (<i>per cent</i>)	83.59	74.65	65.67	75.06	70.34	73.86
Loans and Advances from Government of India						
Receipt	179	221	(-) 64	146	289	154
Repayment (Principal+Interest)	429	464	515	779	1379	713
Net Fund Available	(-) 250	(-) 243	(-) 579	(-) 633	(-) 1090	(-) 559
Net Fund Available (<i>per cent</i>)	--	--	--	--	--	--
Other obligations						
Receipt	2389	1777	1547	1685	2226	1925
Repayment (Principal+Interest)	2299	1531	1557	1225	2090	1740
Total liabilities						
Receipt	3427	3225	2948	3884	5988	3894
Payments	2869	2306	2575	2516	4499	2953
Net receipts	558	919	373	1368	1489	941
Net Funds Available (<i>per cent</i>)	16.28	28.50	12.65	35.22	24.87	24.17

1.9 Management of Deficits

1.9.1 Fiscal Imbalances: The deficit in Government accounts represents the gap between its receipts and expenditure. The nature of the deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to its fiscal health. The revenue deficit of the State, which in turn indicates the excess of its revenue expenditure over revenue receipts, increased from Rs 106 crore in 1999-2000 to Rs 1,607 crore in 2003-04. The Revenue deficit of the State Government, however, does not include the net deficit on account of power sector (Rs 46 crore). Hence, the effective revenue deficit would come out to Rs 1,653 crore Appendix-VIII. The fiscal deficit which represents the total borrowings of the Government and the total resource gap increased from Rs 189 crore in 1999-2000 to Rs 2,384 crore in 2003-04.

The State had persistent revenue deficit. The ratio of revenue deficit to fiscal deficit had increased from 56.08 *per cent* in 1999-2000 to 67.41 *per cent* in 2003-04 indicating that more than 67 *per cent* of the borrowed funds were used for current consumption. Persistently high ratio of revenue deficit to fiscal deficit also indicated that the asset base of the State was continuously shrinking and increasingly a large part of borrowings (fiscal liabilities) were not having an asset backup. As proportion to the State's GSDP, the revenue deficit had reached 8.92 *per cent* and fiscal deficit 13.23 *per cent* in 2003-04.

Table-1.23: Fiscal Imbalances – Basic Parameters (Values in Rs crore and ratios in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Revenue Deficit	(-) 106	(-) 1283	(-) 860	(-) 1482	(-) 1607	(-) 1068
Fiscal Deficit	(-) 189	(-) 1845	(-) 1511	(-) 2341	(-) 2384	(-) 1654
Primary Deficit	(+) 408	(-) 1047	(-) 469	(-) 1169	(-) 911	(-) 638
RD/GSDP	(-) 0.87	(-) 9.50	(-) 5.76	(-) 9.29	(-) 8.92	(-) 7.15
FD/GSDP	(-) 1.55	(-) 13.66	(-) 10.11	(-) 14.68	(-) 13.23	(-) 11.08
PD/GSDP	(+) 3.34	(-) 7.75	(-) 3.14	(-) 7.33	(-) 5.06	(-) 4.27
RD/FD	56.08	69.54	56.92	63.31	67.41	64.55

(Negative figures indicate deficit)

1.10 Fiscal reforms programme

Finance Department

Revenue deficit grant not availed

(a) Mention was made in paragraph 1.4.2 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2003 (Civil), Government of Himachal Pradesh regarding non-availment of revenue deficit grant of Rs 292.31 crore by the State Government due to non-signing of Memorandum of Understanding (MOU) with the Government of India for bringing about improvement in fiscal performance. Further test-check of records of the Finance Department revealed (May-June 2004) that MOU was actually signed by the State Government with the Government of India in May 2004. It was also noticed that improvement in percentage of revenue deficit to revenue receipt of the State during 2003-04 was only to the extent of 0.14 *per cent* (from 40.50 *per cent* in 2002-03 to 40.36 in 2003-04) against the required minimum improvement of two *per cent* for Special Category States. Failure to sign the MOU and also to bring about the required improvement in revenue deficit deprived the State Government of revenue deficit grant of Rs 125.88 crore. Besides, matching grant of Rs 8.03 crore from the Government of India could also not be obtained for the Incentive Fund. In addition to Ways and Means Advances (Rs 1,728.85 crore), Overdraft from Reserve Bank of India (Rs 1,145.28 crore) and Special Securities issued to National Savings Fund of the Central Government (Rs 577.30 crore), the State Government had raised loans of Rs 2,895 crore during 2003-04 from various sources at interest rates ranging between 5.85 and 6.35 *per cent*. Had the State Government availed this revenue deficit grant after complying with the conditions laid down by the Eleventh Finance Commission, the interest liability of about Rs 3.84 crore (upto September 2004) at the average interest rate of 6.10 *per cent* on the borrowings could have been avoided.

(b) According to the modified guidelines for States' Fiscal Reforms Programme issued by Government of India in September 2003, assistance in the form of 80 *per cent* Additional Open Market Borrowings (AOMB) was to be provided by the Government of India to the Special Category States for downsizing of Public Sector Undertakings (PSUs) by implementing Voluntary Retirement Scheme (VRS). The State Government incurred an expenditure of Rs 19.03 crore on providing VRS benefits to 524 employees of eight (PSUs) during the period 2000-04¹. The assistance of Rs 15.22 crore could not be claimed by the State Government from the Central Government as of August 2004 due to delay in entering into MOU.

Government stated (June 2004) that the MOU has been signed in May 2004 between the Central and State Governments and that further action in the matter would be initiated in due course of time. Fact however, remains that delay in signing the MOU deprived the State Government of revenue deficit grant of Rs 125.88 crore, matching grant of Rs 8.03 crore for the Incentive

¹ 2000-01: Rs 3.46 crore; 2001-02: Rs 1.63 crore; 2002-03: Rs 13.42 crore and 2003-04: Rs 0.52 crore.

Fund and assistance of Rs 15.22 crore; interest liability of Rs 3.84 crore could also not be avoided.

The matter was referred to the Government in September 2004; their reply had not been received (September 2004).

1.11 Fiscal ratios

The finances of the State should be sustainable, flexible and non-vulnerable. Table-24 below presents a summarised position of Government finances over 1999-2004, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

Table-1.24: Indicators of Fiscal Health (in per cent)

Fiscal Indicators	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
1.	2.	3.	4.	5.	6.	7.
I. Resource Mobilisation						
Revenue Receipt/GSDP	30.38	22.56	24.87	22.95	22.09	24.27
Revenue Buoyancy	4.234	*	2.065	*	0.677	0.811
Own tax/GSDP	5.070	5.398	6.130	5.581	5.461	5.545
II. Expenditure Management						
Total Expenditure/GSDP	36.27	36.42	35.17	37.81	35.48	36.21
Revenue Receipt/Total Expenditure	83.77	61.94	70.70	60.69	62.27	67.02
Revenue Expenditure/Total Expenditure	86.16	88.02	87.06	85.27	87.41	86.77
Plan Expenditure/Total Expenditure	37.26	37.64	35.44	37.46	25.43	34.21
Capital Expenditure/Total Expenditure	12.66	11.25	12.44	14.33	12.32	12.65
Development Expenditure/Total Expenditure	65.69	66.11	62.28	63.39	60.63	63.39
Buoyancy of TE with RR	0.178	*	0.312	*	0.686	1.167
Buoyancy of RE with RR	0.241	*	0.259	*	0.987	1.241
III. Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	(-) 106	(-) 1283	(-) 860	(-) 1482	(-) 1607	(-) 1068
Fiscal deficit (Rs in crore)	(-) 189	(-) 1845	(-) 1511	(-) 2341	(-) 2384	(-) 1654
Primary deficit (Rs in crore)	408	(-) 1047	(-) 469	(-) 1169	(-) 911	(-) 638
Revenue deficit/Fiscal Deficit	56.08	69.54	56.92	63.31	67.41	64.55

	1.	2.	3.	4.	5.	6.	7.
IV. Management of Fiscal Liabilities (FL)							
Fiscal liabilities/GSDP	58.09	63.84	68.39	77.72	80.12	70.71	
Fiscal liabilities/RR	191.22	283.03	275.03	338.70	362.65	291.30	
Buoyancy of FL with RR	0.176	*	0.843	*	1.874	2.146	
Buoyancy of FL with OR	0.093	*	0.808	*	0.832	4.771	
Interest spread	5.50	0.28	(-) 0.46	(-) 3.66	2.02	0.26	
Net Funds Available	16.28	28.50	12.65	35.22	24.87	24.17	
V. Other Fiscal Health Indicators							
Return on Investment	0.053	0.052	0.064	0.034	0.023	0.05	
BCR (Rs in crore)	(-) 114	(-) 921	(-) 810	(-) 1470	(-) 2262	(-) 1115	
Financial Assets/Liabilities	0.74	0.64	0.61	0.56	0.53	0.62	

* Revenue receipts and own resources had a negative growth.

The ratio of own taxes to GSDP had shown continuous improvement in the five year period. The ratio of revenue receipt to GSDP and its buoyancy showed a declining trend from 1999-2000 to 2003-04. Various ratios concerning expenditure indicate quality of expenditure and sustainability in relation to resources. The total expenditure to GSDP is buoyant. Revenue expenditure is on the increasing trend over the five year period 1999-2004 and comprises 87 per cent of total expenditure in 2003-04 leaving very little for capital formation or asset creation. The development expenditure to total expenditure was on a declining trend and its ratio has fallen significantly in 2003-04 over previous year. All these indicate State's increasing dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities. Increasing revenue and fiscal deficit over last year indicates growing fiscal imbalances of the State. Similarly increase in the ratio of revenue deficit to fiscal deficit indicates that the application of borrowed funds was largely to meet current consumption.

Increasing ratio of fiscal liabilities to GSDP and revenue receipts together with a growing revenue deficit on account of increased interest payments indicate that the State is gradually getting into a debt trap. Similarly, the higher buoyancy of the debt both with regard to its revenue receipts and own resources indicate its increasing unsustainability. The State's insignificant return on investment indicates huge implicit subsidy and utilisation of high cost borrowing for investments that yield little. The ratio of State's total financial assets to liabilities has also deteriorated indicating that increasingly a greater part of liabilities are without an asset backup. The balance from current revenue of the State has also continued to be negative indicating continued dependence on borrowings for plan or developmental expenditure.

1.12 Impact of Government policies

1.12.1 Appendix-IX, depicts the progress achieved by the Government during 2002-2003 as compared to 2001-2002 in various sectors. In Health and Family Welfare Sector the infant mortality rate has slightly increased from 54 to 58 per thousand, no new institutions were opened in the Animal Health Sector. In power sector, the position of generation has slightly increased but again necessitated more purchase of power to meet the requirement of consumers during 2002-2003. In Nationalised Transport sector, there was decline in number of vehicles.

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

APPROPRIATION ACCOUNTS 2003-2004 AT A GLANCE

Total No. of grants: 31

Total provision and actual expenditure

Table: 2.1

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	7648.41		
Supplementary	194.60		
Total gross provision	7843.01	Total gross expenditure	11661.45
<i>Deduct</i> -Estimated recoveries in reduction of expenditure	195.55	<i>Deduct</i> -Actual recoveries in reduction of expenditure	539.66
Total net provision	7647.46	Total net expenditure	11121.79

Voted and Charged provision and expenditure

Table: 2.2

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	4136.47	1888.87	4555.37	1484.73
Capital	880.26	937.41	889.22	4732.13
Total gross:	5016.73	2826.28	5444.59	6216.86
<i>Deduct</i> -Recoveries in reduction of expenditure	195.55	--	539.66	--
Total net:	4821.18	2826.28	4904.93	6216.86

2.1 Introduction

Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by the Government vis-à-vis those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2003-2004 against 31 grants/appropriations was as follows:

Table: 2.3

(Rupees in crore)

		Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	4051.76	84.71	4136.47	4555.37	(+) 418.90
	II Capital	792.46	62.52	854.98	865.63	(+) 10.65
	III Loans and Advances	23.33	1.95	25.28	23.59	(-) 1.69
Total Voted		4867.55	149.18	5016.73	5444.59	(+) 427.86
Charged	IV Revenue	1887.80	1.07	1888.87	1484.73	(-) 404.14
	V Capital	3.12	0.94	4.06	3.17	(-) 0.89
	VI Public Debt	889.94	43.41	933.35	4728.96**	(+) 3795.61
Total Charged		2780.86	45.42	2826.28	6216.86	(+) 3390.58
Grand Total		7648.41	194.60	7843.01	11661.45	(+) 3818.44

** Includes Rs 1,280.28 crore and Rs 1,745.91 crore on account of repayment of Overdrafts and Ways and Means Advances obtained from Reserve Bank of India.

Against the original grants and appropriations of Rs 7,648.41 crore, supplementary grants and appropriations of Rs 194.60 crore were obtained during 2003-2004. There was net excess of Rs 3,818.44 crore which was the result of overall excess of Rs 4,225.16 crore partly offset by saving of Rs 406.72 crore. Supplementary appropriation of Rs 1.07 crore under IV-Revenue (charged) was unnecessary because actual expenditure was less than the original appropriation.

These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz., Revenue expenditure: Rs 452.02 crore; Capital expenditure: Rs 87.64 crore.

2.3 Fulfilment of Allocative Priorities

Savings/excesses in grants/appropriations

2.3.1 Net excess of Rs 3,818.44 crore was the result of savings in 44 cases and excesses in 28 cases as shown below:

Table: 2.4

(Rupees in crore)

	Savings		Excesses		Net Saving (-)/excess (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Voted	241.55 (In 22 grants)	50.30 (In 15 grants)	660.45 (In 9 grants)	59.26 (In 12 grants)	(+) 418.90	(+) 8.96
Charged Appropriations	404.42 (In 4 appropriations)	0.89 (In 3 appropriations)	0.28 (In 6 appropriations)	3795.61 (In 1 appropriation)	(-) 404.14	(+) 3794.72

Appropriation by Allocative Priorities

2.3.2 Out of overall savings of Rs 697 crore, major savings of Rs 651 crore (93 per cent) occurred in seven grants and one appropriation as mentioned below:

Table: 2.5

(Rupees in crore)

Sr. No.	Grant No.	Original	Supplementary	Total	Actual expenditure	Saving
(Revenue Voted)						
1.	08-Education	909.12	15.49	924.61	898.54	26.07
2.	09-Health and Family Welfare	367.73	—	367.73	271.93	95.80
3.	15-Planning and Backward Area Sub-Plan	85.38	5.69	91.07	69.25	21.82
4.	16-Forest and Wild Life	150.33	—	150.33	137.40	12.93
5.	29-Finance	605.92	0.40	606.32	549.04	57.28
	Total:	2118.48	21.58	2140.06	1926.16	213.90
(Revenue Charged)						
6.	29-Finance	1875.74	—	1875.74	1472.77	402.97
	Total:	3994.22	21.58	4015.80	3398.93	616.87
(Capital Voted)						
7.	11-Agriculture	38.23	—	38.23	28.38	9.85
8.	17-Roads and Bridges	200.76	—	200.76	176.83	23.93
	Total:	238.99		238.99	205.21	33.78
	Grand Total:	4233.21	21.58	4254.79	3604.14	650.65

Areas in which major savings occurred in six of the above eight grants are given in Appendix-X.

Reasons for savings were not intimated by the departments in respect of grant numbers 15 and 17.

In 12 cases savings exceeding Rs one crore in each case and also 5 per cent and more than the total provision amounted to Rs 642.20 crore as indicated in Appendix-XI.

Excess over provision relating to previous years requiring regularisation

2.3.3 According to Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Excess expenditure amounting to Rs 8,320.65 crore for the years 2000-2001, 2001-2002 and 2002-2003 as detailed below was yet to be regularised (August 2004) by the State Legislature. The memorandum of excess expenditure for the year 2000-01 is in process of regularisation in the *Vidhan Sabha* Secretariat.

Table: 2.5

(Rupees in crore)

Year	No. of grants/ appropriations	Grant/ Appropriation No(s)	Amount of excess
2000-2001	17	1, 4, 5, 8, 9, 10, 12, 13, 14, 15, 17, 20, 23, 24, 28, 29 and 31	2059.54
2001-2002	16	1, 5, 9, 10, 11, 13, 15, 16, 17, 19, 23, 24, 28, 29, 30, 31	2965.36
2002-2003	17	3, 5, 6, 7, 9, 10, 12, 13, 15, 17, 18, 20, 23, 27, 28, 29 and 31	3295.75
Total:			8320.65

Possibilities of financial irregularities remaining unexamined due to failure and long delays in furnishing explanations of unregularised excess expenditure cannot be ruled out.

Excess over provision during 2003-2004 requiring regularisation

2.3.4 During 2003-2004, there was a total excess of Rs 660.45 crore in nine grants in the revenue section and Rs 0.28 crore in six appropriations while the excesses in the capital section amounted to Rs 59.26 crore in twelve grants and Rs 3,795.61 crore* in one appropriation. These excesses (details

* Includes Rs 1,280.28 crore and Rs 1,745.91 crore on account of repayment of Overdrafts and Ways and Means Advances obtained from Reserve Bank of India.

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given below) require regularisation under Article 205 of the Constitution of India.

Table: 2.6

(In Rupees)

Sr. No.	Grant	Total grant/ appropriation	Actual expenditure	Amount of excess
Grants				
Revenue (Voted)				
1.	04-General Administration	48,19,26,000	49,28,93,882	1,09,67,882
2.	10-Public Works	1,29,91,79,000	2,29,86,48,142	99,94,69,142
3.	12-Horticulture	54,59,06,000	64,48,60,138	9,89,54,138
4.	13-Irrigation and Flood Control	63,73,07,000	74,07,43,086	10,34,36,086
5.	17-Roads and Bridges	3,11,12,99,000	3,22,48,06,871	11,35,07,871
6.	23-Water and Power Development	62,23,83,000	1,50,52,82,242	88,28,99,242
7.	26-Tourism and Civil Aviation	3,55,06,000	3,78,95,397	23,89,397
8.	28-Water Supply, Sanitation Housing and Urban Development	2,47,27,04,000	6,77,38,62,793	4,30,11,58,793
9.	31-Tribal Development	1,93,69,73,000	2,02,86,62,776	9,16,89,776
Total:		11,14,31,83,000	17,74,76,55,327	6,60,44,72,327
Charged				
10.	01-Vidhan Sabha	22,32,000	22,39,974	7,974
11.	02-Governor and Council of Ministers	1,58,09,000	1,61,25,212	3,16,212
12.	04-General Administration	2,12,16,000	2,34,39,640	22,23,640
13.	05-Land Revenue and District Administration	--	78,164	78,164
14.	09 - Health and Family Welfare	3,80,000	4,55,028	75,028
15.	19-Social Security and Welfare (Including Nutrition)	--	1,41,502	1,41,502
Total:		4,96,37,000	4,24,79,520	28,42,520
Capital (Voted)				
16.	03 - Administration of Justice and Elections	2,70,01,000	2,94,86,897	24,85,897
17.	07 - Police and Allied Organisations	4,31,72,000	9,81,44,995	5,49,72,995
18.	12 - Horticulture	7,74,37,000	8,04,33,922	29,96,922
19.	13 - Irrigation and Flood Control	1,12,31,12,000	1,24,20,28,414	11,89,16,414
20.	15 - Planning and Backward Area Sub-Plan	19,08,01,000	24,91,83,036	5,83,82,036
21.	16 - Forest and Wild Life	1,65,70,000	1,65,70,066	66
22.	23 - Water and Power Development	94,98,01,000	98,98,00,000	3,99,99,000
23.	25 - Road and Water Transport	17,30,91,000	31,30,91,000	14,00,00,000
24.	26 - Tourism and Civil Aviation	1,10,00,000	1,17,26,000	7,26,000
25.	28 - Water Supply, Sanitation, Housing and Urban Development	1,88,44,34,000	1,94,69,51,261	6,25,17,261
26.	30 - Miscellaneous General Services	2,03,70,000	2,16,71,000	13,01,000
27.	31 - Tribal Development	62,78,31,000	73,81,56,702	11,03,25,702
Total:		5,14,46,20,000	5,73,72,43,293	59,26,23,293
Capital Charged				
22.	29 - Finance	9,33,34,56,532	47,28,95,33,754	37,95,60,77,222
Total:				45,15,60,15,362

Reasons for the excesses had not been furnished by the Government as of August 2004.

Original Budget and Supplementary Provision

2.3.5 The overall supplementary grants and appropriations obtained during 2003-2004 constituted 3 *per cent* of the original grants and appropriations.

Unnecessary/excessive/inadequate Supplementary Provision

2.3.6 Supplementary provision of Rs 29.46 crore in Revenue Section in five cases and Rs one crore in one case in Capital Section was wholly unnecessary as the expenditure in each case was even less than the original provision, the saving being more than Rs one crore in each case, as indicated in the **Appendix-XII**.

In five cases, against additional requirement of Rs 15.45 crore, supplementary grants of Rs 26.61 crore were obtained resulting in overall saving of Rs 11.16 crore. Relevant details are given in **Appendix-XIII**.

Supplementary provision of Rs 125.43 crore (Revenue: Rs 21.77 crore; Capital: Rs 103.66 crore) obtained in 12 cases, as detailed in **Appendix-XIV**, proved inadequate by more than Rs one crore in each case leaving an aggregate uncovered excess expenditure of Rs 4,471.60 crore.

Persistent savings/excesses

2.3.7 Expenditure was persistently less than the total provisions by 5 *per cent* or more in three cases during 2001-2004 while it exceeded the provision by 5 *per cent* or more persistently in four other cases. Relevant details are indicated in **Appendix-XV**.

Surrender of funds

2.3.8 Savings in a grant or appropriation are to be surrendered to the Government immediately after these are foreseen, without waiting till the end of the year, unless such savings are required to meet excesses under some other units. No savings should be held in reserve for possible future excesses.

It was, however, noticed that in eight cases against the available savings of Rs 621.27 crore (savings of Rs one crore and above in each case), savings aggregating Rs 131.63 crore were either not fully surrendered or not surrendered at all. In nine cases, the amount surrendered exceeded the overall savings by Rs 14.11 crore. Further, in the case of two grants Rs 9.28 crore were surrendered although expenditure exceeded the grant/appropriation and no savings were available for surrender. Relevant details are indicated in **Appendix-XVI**.

These instances were indicative of ineffective monitoring and control over expenditure.

Trend of recoveries

2.3.9 The demands for grants are for the gross amounts of expenditure to be incurred in a particular year and show recoveries to be taken in reduction of

expenditure separately by way of footnotes thereunder. Similarly, the recoveries are also shown separately in the Appropriation Accounts in an Appendix thereto.

Scrutiny of the Accounts for 2003-2004 revealed that against the budget estimates of Rs 119.32 crore in the revenue section, actual recoveries were Rs 452.02 crore. In the capital section, against the budget estimates of Rs 76.23 crore, actual recoveries and adjustments were Rs 87.64 crore. Thus, recoveries in reduction of expenditure were underestimated by Rs 332.70 crore in the revenue section and Rs 11.41 crore in the capital section. Details of major variations of 12 *per cent* and more of the original estimates and not less than Rs one crore in each case are given in Appendix-XVII.

Injudicious reappropriation

2.3.10 A grant or appropriation is distributed by sub-heads or standard objects (called primary units) under which it is to be accounted for. Reappropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of the financial year. Reappropriation of funds should be made only when it is known or anticipated that the appropriation in respect of the unit from which the funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation of the said unit.

In 23 cases (sub-heads) involving eleven grants/appropriations, the reappropriation of Rs 185.12 crore proved to be injudicious as:

The original provisions under the sub-heads to which the funds were transferred by reappropriation (Rs 125.79 crore) were adequate and consequently, the amounts reappropriated remained unutilised and

The heads from which the funds (Rs 59.33 crore) were transferred did not have any savings available under them for reappropriation.

Relevant details are contained in Appendix-XVIII.

Miscellaneous Departments

2.4 Drawal of funds in advance of requirements

Of Rs 2.02 crore drawn in advance of actual requirements mainly to avoid lapse of budget grants, Rs 1.98 crore were lying unutilised with executing agencies and in bank accounts, etc.

Rule 2.10 of the Himachal Pradesh Financial Rules stipulates that money should not be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of permanent advance. It is not permissible to draw advances from the treasury for the

execution of works, the completion of which is likely to take considerable time. Any unspent balance is required to be refunded promptly into the treasury. Drawing and Disbursing Officers have not been authorised by any general or special rules/orders to deposit unutilised funds in banks/post offices.

Test-check of accounts of five Drawing and Disbursing Officers of five departments revealed (August 2003-November 2003) that Rs 2.02 crore were drawn during 1996-97 to 2002-2003 by them for construction of Indoor Stadium, Ice Skating Rink, Composite Resource Centre and Fire Stations, Computerisation of Land Records and purchase of equipment out of which Rs 1.98 crore (98 per cent) were lying unutilised either with executing agencies (Rs 1.16 crore: 57 per cent) or with the department in bank accounts (Rs 0.82 crore: 41 per cent) as of May 2004 as per details given below:

Table: 2.7

(Rupees in crore)

Sr. No.	Department/Office (Drawing and Disbursing Officer)	Amount drawn	Month/year of drawal	Purpose	Unutilised amount	Reasons furnished by the department
Youth Service and Sports Department						
1.	Director, Youth Services and Sports	0.10	May 2002	Construction of Indoor Stadium	0.10	Director, Youth Services and Sports stated (March 2004) that the work is in progress.
		0.15	June 2002	Construction of Ice Skating Rink	0.15	Director, Youth Services and Sports stated (June 2004) that construction of Ice Skating Rink was in progress.
Social Justice and Empowerment Department						
2.	Director, Social Justice and Empowerment	0.35	March 1999	Construction of Composite Resource Centre (CRC)	0.35	The project has not been approved by the Government (May 2004).
Home Department						
3.	Chief Fire Officer, Shimla	0.35	March 2002-July 2002	Construction of Fire Station Building at Bilaspur	0.35	The Director, Fire Services stated (May 2004) that construction work was in progress.
		0.36	March 2002-July 2002	Construction of Fire Station Building at Hamirpur	0.36	The Director, Fire Services stated (May 2004) that work was in progress.
		0.20	July 2002-March 2003	Construction of Fire Station Building at Shimla	0.20	The Director, Fire Services stated (May 2004) that work is yet to be started by Public Works Department.
Revenue Department						
4.	Deputy Commissioner, Una	0.15	March 1997	Computerisation of land records.	0.11	Deputy Commissioner stated (June 2004) that Computerisation work is in progress.
Health and Family Welfare Department						
5.	Director, Health Services, Himachal Pradesh	0.36	March 2002	Provision for Hospital Waste Management and purchase of equipment	0.36	The Director stated (June 2004) that formalities to start the work were being completed.
Total:		2.02			1.98	

Such unauthorised retention of Government funds with the executing agencies and deposit of scheme funds in banks, etc., apart from being irregular also resulted in non-execution/delay in execution of schemes/works. No guidelines existed for depositing Government funds outside Government account. This also affected adversely the Ways and Means position of the State Government as the funds were kept outside Government account. The matter, therefore, needs to be investigated for fixing responsibility for violation of Government's orders.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

2.5 Irregular drawal of advances on Abstract Contingent Bills

To avoid delay in discharge of claims, advances for countersigned contingencies are required to be drawn on Abstract Contingent Bills (AC Bills) by the Drawing and Disbursing Officers (DDOs) subject to presentation of Detailed Contingent Bills (DC Bills) to the Controlling Officers (COs) for countersignature and for onward transmission to the Accountant General. Further, no fresh AC Bills can be drawn by DDOs until the AC Bills drawn during the previous month are adjusted by submitting DC Bills to the COs. A certificate to the effect that all DC Bills have been submitted to the COs in respect of AC Bills drawn more than a month ago is also required to be attached to every (AC) bill.

Test-check of the records of nine DDOs under Agriculture and Health and Family Welfare departments revealed (May 2004) that these DDOs drew Rs 4.21 crore through 904 AC Bills during 2001-04 by debiting the expenditure to the final heads of account to meet the expenditure on various items.

Details of these drawals during the aforesaid period and their adjustment as on 31 May 2004 are given below:

Table: 2.8

(Rupees in crore)

Sr. No.	Name of the department	Number of DDOs	AC Bills drawn		DC Bills submitted		DC Bills awaited	
			Number	Amount	Number	Amount	Number	Amount
1.	Agriculture	6	391	3.77	249	2.10	142	1.67
2.	Health and Family Welfare	3	513	0.44	488	0.42	25	0.02
Total:		9	904	4.21	737	2.52	167	1.69

Audit Report (Civil) for the year ended 31 March 2004

Cogent reasons for non-adjustment of 167 outstanding AC Bills* amounting to Rs 1.69 crore were not furnished by the departments. However, they stated (June 2004) that the advances were being adjusted on receipt of accounts from the concerned functionaries.

It was also noticed that the AC Bills were being drawn on form HPTR-5 instead of form STR-31. Further, instead of submitting the DC Bills for adjustment of advances to the Accountant General, these were being adjusted through the treasuries. Codal provisions had thus not been complied with.

The matter was referred to the Government in June 2004; their reply had not been received (September 2004).

2.6 Reconciliation of departmental figures

The reconciliation of departmental figures with the figures booked in the office of the Accountant General should be carried out every month by the Head of the Department to ensure that the departmental accounts are sufficiently accurate, to secure the accuracy of the accounts maintained in the Accounts Office from which the final published accounts are compiled and to detect any fraud or defalcation.

Despite reporting the extent of delay in reconciliation to the Government periodically, four Controlling Officers¹ had not reconciled the expenditure of Rs 308.66 crore in respect of two heads of accounts for the whole year 2003-04. Expenditure of Rs 308.66 crore, therefore, remained unreconciled.

The matter was referred to the Government in September 2004; their reply had not been received (September 2004).

*

(Rupees in crore)

Year	Number of AC Bills outstanding	Amount
2001-02	12	0.06
2002-03	42	0.73
2003-04	113	0.90
Total:	167	1.69

1. Director Ayurveda (2210: Medical and Public Health Rs 53.34 crore; 4210: Medical and Public Health Rs 3.12 crore);
Director Medical Education Research and Training (2210: Medical and Public Health Rs 43.33 crore; 4210: Medical and Public Health Rs 34.35 crore);
Director Health Services (2210: Medical and Public Health Rs 152.53 crore and 4210: Medical and Public Health Rs 11.59 crore);
Advisor Planning (2210: Medical and Public Health Rs 9.10 crore; 4210: Medical and Public Health Rs 1.30 crore).

CHAPTER-III

PERFORMANCE REVIEWS AND LONG PARAGRAPHS

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CHAPTER-III

PERFORMANCE REVIEWS

Health and Family Welfare Department

3.1 Working of Health and Family Welfare Department

Highlights

The review, inter alia, highlights defective budgeting, irregular utilisation of available manpower and non-availment of award of Eleventh Finance Commission for upgradation of standards of administration thereby depriving a section of the population of the State of the benefits of healthcare services. Besides, the goal of "Health for all by the year 2000 AD" set in the National Health Policy-1993 could also not be achieved. Important points noticed as a result of test-check of records are as under:

➤ The allocation of funds was not rational. The State Government allocated Rs 234.97 crore against the departmental demand of Rs 165.01 crore resulting in excess allocation of Rs 69.96 crore for the year 2003-04.

(Paragraph 3.1.8)

➤ Budget estimates for the year 2003-04 were not realistic. Against the diversion of Rs 28.15 crore proposed by the department the Government approved diversion of Rs 3.55 crore and the remaining amount of Rs 24.60 crore was surrendered.

(Paragraph 3.1.9)

➤ Investment of Rs five crore in the Himachal Pradesh Health System Corporation to improve infrastructure in Health Institutions could not achieve the intended purpose as no infrastructure was created.

(Paragraph 3.1.12)

➤ Of 3,276 vacant posts as of October 2003, all the posts under 19 categories remained vacant which affected the healthcare service in the State.

(Paragraph 3.1.13)

➤ Four doctors and 34 paramedics were deployed over and above the sanctioned strength and were paid Rs 1.02 crore as salary against vacant posts of other institutions.

(Paragraph 3.1.15)

The abbreviations used in this review have been listed in the Glossary in Appendix-XXXIX (Page 181-182).

➤ Pre-service training courses for nurses and multipurpose health workers were not conducted after 2001-02. Resultantly, Rs 78.13 lakh were paid as salary to the training staff for the idle period.

(Paragraphs 3.1.19 and 3.1.20)

➤ DDT in malaria prone pockets was not sprayed after the year 2001 due to non-accorded sanction by the State Government for engaging *beldars*. Resultantly, potency of 53 MTs of DDT costing Rs 44 lakh expired.

(Paragraph 3.1.27)

➤ A 50 bed Mental Hospital constructed in Shimla at a cost of Rs 2.17 crore remained non-functional due to non-posting of psychiatrist and related staff.

(Paragraph 3.1.36)

➤ The State Government could not avail additional central assistance of Rs 8.96 crore provided by the Government of India under *Pradhan Mantri's Gramodaya Yojna* for strengthening rural health sector.

(Paragraph 3.1.40)

Introduction

3.1.1 Health and Family Welfare Department (H&FWD) provides healthcare services to people of the State through various National and State programmes. The National Health Policy-1993 (NHP) aimed at "Health for all by the year 2000 AD", by providing healthcare services for which certain areas were identified and specific goals were set. The Department implemented various Centrally sponsored schemes and State plan schemes for healthcare through a network of hospitals, community health centres (CHCs), primary health centres (PHCs), civil dispensaries (CDs) and health sub-centres (HSCs).

Organisational set up

3.1.2 The Secretary (Health) is responsible for the activities of the Health and Family Welfare Department at State level. The Director of Health Services (DHS) is responsible for providing healthcare services and implementation of family welfare programmes. He is assisted by an Additional Director, one Joint Director and six Deputy Directors. At district level, the Chief Medical Officers (CMOs) and at block level, the Block Medical Officers (BMOs) were responsible for healthcare and family welfare services.

Audit coverage

3.1.3 Some aspects of the working of the department for the period 1999-2004 were reviewed by test-check (December 2003-April 2004) in

offices of the DHS, CMOs of five districts¹ out of 12 and BMOs of sixteen blocks² out of 68 falling under these districts (except Bilaspur district) supplemented by a review of records of Medical Superintendent, Zonal Hospital, Mandi, four civil hospitals³ and one referral hospital (Sarkaghat) and information supplied by the DHS. Twenty six *per cent* of expenditure incurred by the department during 1999-2004 was test-checked. Results of test-check are incorporated in the succeeding paragraphs.

Financial management

Budgetary procedure and control over expenditure

3.1.4 Funds were provided to the department through three grants⁴. The department had 102 Drawing and Disbursing Officers (DDOs) as of March 2004. The DHS was responsible for preparation and submission of the budget estimates to the Finance Department through the Administrative Department.

Budget provision and expenditure

3.1.5 Position with regard to budget allocation and actual expenditure thereagainst during the past five years was as under:

Table: 3.1

(Rupees in crore)

Sr. No.	Year	Budget	Actual expenditure	Variation (+) Excess (-) Saving
1	1999-2000	Revenue	161.05	170.98
		Capital	7.07	6.75
2	2000-2001	Revenue	183.86	182.85
		Capital	14.66	15.27
3	2001-2002	Revenue	173.46	180.06
		Capital	6.43	7.19
4	2002-2003	Revenue	186.41	187.01
		Capital	10.06	10.11
5	2003-2004	Revenue	219.61	198.01
		Capital	11.55	8.82

3.1.6 The DHS attributed (January 2004) excess expenditure during 1999-2000 and 2001-2002 due to payment of arrears to the doctors as a result of grant of four tier scale to them and payment of arrear of dearness allowance to the staff. The contention is not tenable as these aspects should have been taken into account while framing the budget estimates.

1 Bilaspur, Mandi, Sirmour, Kullu and Kinnaur.

2 Bagesaid, Janjehi, Karsog, Padhar, Rohanda and Sandhole (Mandi district), Anni, Banjar, Naggar and Nirmand (Kullu district), Rajpur, Sangrah and Sarahan (Sirmour district) and Niehar, Pooh and Sangla (Kinnaur district).

3 Paonta Sahib and Rajgarh (Sirmour district) and Karsog and Sundemagar (Mandi district).

4 (i) Demand No.9-Health and Family Welfare (ii) Demand No.15-Planning and Backward Area Sub Plan and (iii) Demand No.31-Tribal Development under three major heads of accounts namely 2210-Medical and Public Health, 2211-Family Welfare and 4210-Capital outlay on Medical.

3.1.7 The following observations indicated lack of co-ordination between H&FWD and Finance Department, inadequate financial control over expenditure and failure to follow the basic cannons of budgetary system:

3.1.8 Against the demand of Rs 165.01 crore for the year 2003-04 under six detailed heads of Major Head '2210-Medical and Public Health', the Government allocated Rs 234.97 crore resulting in excess allocation of Rs 69.96 crore and against the demand of Rs 24.39 crore under other three detailed heads of the same Major Head, Government allocated Rs 5.62 crore resulting in less allocation of Rs 18.77 crore.

The DHS stated (January 2004) that the changes in the budget estimates were made by the Finance Department.

3.1.9 Against the diversion of anticipated saving of Rs 28.15 crore under 'Salary' below Major head '2210-Medical and Public Health' proposed by the department in December 2003, the Government approved diversion of Rs 3.55 crore⁵ and the remaining saving of Rs 24.60 crore was surrendered. The DHS admitted (April 2004) the above facts.

3.1.10 Supplementary grants/additionality of Rs 2.02 crore⁶ during 2001-03 proved unnecessary as there was an overall saving/surrender of Rs 13.89 crore⁷ under eight detailed heads of Major head '2210-Medical and Public Health' and '2211-Family Welfare'. Besides, re-appropriation of Rs 1.58 crore was injudicious in view of the overall excess of Rs 0.91 crore under Major head '2211-Family Welfare' during 2002-03.

3.1.11 Contrary to the Budget Manual provision of reconciling the departmental figures with the figures of the Accountant General every month, the figures of differences were adjusted by giving plus/minus effects within the detailed heads of the Major heads without corrections in the relevant accounts and registers of the DDOs.

The DHS, while admitting the above facts, stated (January 2004) that it was practically not possible to strictly adhere to the provisions of Budget Manual.

Investment in Himachal Pradesh Health System Corporation (HPHSC)

3.1.12 To improve infrastructure in health institutions in the State, the Government set up (October 1999) Himachal Pradesh Health System

⁵ January 2004: Rs 1.56 crore and March 2004: Rs 1.99 crore.

⁶ 2001-02: Rs 0.69 crore and 2002-03: Rs 1.33 crore.

⁷ 2001-02: Rs 10.07 crore and 2002-03: Rs 3.82 crore.

Corporation (HPHSC) for which Rs 27.50 lakh (Equity share: Rs 25 lakh and Registration charges: Rs 2.50 lakh) were sanctioned in August 1999. Besides, Rs 4.75 crore were sanctioned in October 2000 to the Corporation as additional Share Capital. The DHS submitted (October 2000) a list of 63 departmental capital works on which Rs 4.75 crore were to be spent by the HPHSC.

It was noticed that out of above amounts, Rs 2.50 lakh were spent (November 1999) on registration of the Corporation and the balance of Rs five crore remained in savings bank account upto March 2002, when the State Government decided to wind up the HPHSC and transfer its assets and liabilities to newly constituted (January 2002) Himachal Pradesh Infrastructure Development Board (HPIDB). It was further noticed that no departmental infrastructure had been created by the HPIDB as of April 2004. Resultantly, the investment of Rs five crore (Share Capital: Rs 4.75 crore and Equity Share: Rs 0.25 crore) could not achieve the intended goal of improving infrastructure in health institutions. Besides, expenditure of Rs 2.50 lakh on registration of HPHSC, also proved infructuous. The DHS confirmed (April 2004) the facts.

Human Resource Management

Sanctioned strength and men-in-position

3.1.13 Against 16,743 sanctioned posts of 113 different categories (i.e. administrative, medical/para medical, technical/non-technical and other ministerial staff) as of October 2003, department had 13,467 (80 *per cent*) officials-in-position in 94 categories. In the remaining 19 categories⁸, all the posts were vacant. Category-wise detail of 3,276 vacant posts, which had direct bearing on implementation of healthcare services is shown in Appendix-XIX.

3.1.14 The percentage of shortage in essential categories of staff ranged between nine and 100 which had adverse impact on healthcare services.

Reasons for not filling up vacant posts were not intimated by the DHS (April 2004).

3.1.15 The State Government issued instructions (May 1999) to stop practice of over staffing and to draw the salary of employees from the offices where they actually worked against the sanctioned posts.

8 Deputy Director (IEC), Nursing Principal Officer, Public Analyst-cum-Chemical Examiner, Chief Technical Officer, Junior Scientist, Senior Analyst, Technical Officer, Store Officer, ECG Technician, Extension Educators, Social Science Instructor, Asstt. Editor/Editor-cum-Journalist, Assistant Publicity Officer, Sr.Sanitarian, Dressers, Public Health Nurse Instructor, Head Cook, Jamadar and Gestetnor Operator.

In three test-checked districts⁹ and the Directorate, it was noticed that four doctors and 34 paramedics of different categories were deployed over and above the sanctioned strength of the institutions between April 1999 and March 2004. Salary of these categories of staff amounting to Rs 1.02 crore was drawn against vacant posts of other institutions. The Heads of concerned offices stated (January-April 2004) that the posting of surplus staff was mainly due to stay orders obtained by the individuals from the Administrative Tribunal against their transfer orders, while in other cases surplus posting of staff was done under the direction of the Government. The replies were not convincing as the Government had violated its own instructions and expenditure of Rs 1.02 crore on their salary proved infructuous.

Injudicious deployment of Joint Directors at Directorate

3.1.16 Three District Hospitals (Dharmasala, Mandi and Shimla) were upgraded (September 1994) as Zonal Hospitals (ZH). The State Government notified (February 1995) that each ZH would be under the administrative control of a Joint Director (JD) and headquarter of the Joint Director would be fixed at the zonal level. The JD was responsible for overseeing day to day functioning of hospitals in his zone and also for implementation and monitoring of Central/State Sponsored Programmes.

3.1.17 It was noticed that all the three JDs instead of being posted at respective ZHs remained at the Directorate without specific assignment. On this being pointed out (December 2003) by Audit, the DHS ordered (January 2004) job responsibilities of officers of the Directorate including the three JDs. Thus, since 1995 the healthcare programmes were not effectively monitored by the three JDs at Zonal Headquarter level.

3.1.18 The DHS attributed (April 2004) non-deployment of JDs at respective ZHs to lack of necessary infrastructure and manpower. The reply is not tenable, as there was nothing on record to substantiate his viewpoint.

Non-conducting of pre-service training courses

3.1.19 Training for general nursing and male and female multipurpose health workers (MHWs) is imparted in the schools of nursing at Bilaspur, Mandi, Sirmour and Kullu under the control of the respective CMOs. The candidates for training are sponsored by the State Government.

3.1.20 Records of CMOs, Bilaspur, Kullu, Mandi and Sirmour revealed that despite 1,203 vacant posts of nurses, MMHWs and FMHWs in the department for different spells, training courses had not been held between August 2001 and March 2004 and between July 2002 and March 2004 respectively. The

9. Kinnaur, Mandi and Sirmour.

staff of training schools remained idle as their services were not used even in the medical institutions and drew infructuous salary of Rs 78.13 lakh.

3.1.21 The CMOs stated (February-April 2004) that candidates were not sponsored for training by the Government.

Programme management

Health infrastructure

3.1.22 As of March 2000, healthcare in the State was being provided through a network of 50 hospitals, 66 community health centres (CHCs), 441 primary health centres (PHCs), 21 civil dispensaries (CDs) and 2,067 health sub centres (HSCs).

3.1.23 While 51 PHCs/CDs as per Appendix-XX, functioned (June 2003) without doctors, 182 HSCs as shown in Appendix-XXI, and four PHCs¹⁰ remained non-functional upto July 2003. Position regarding functioning of above institutions after July 2003 was not intimated by the DHS.

Bed occupancy of hospitals

3.1.24 In respect of the following test-checked hospitals, the actual bed occupancy during 1999-2004 was far less than the sanctioned capacity:

Table: 3.2

Sr. No.	Name of hospital	Sanctioned bed capacity	Actual beds available	Average bed occupancy during 1999-2004	Reasons for low occupancy as per the department's reply
1.	DH, Rehong Peo	100	84	41-48	Lack of specialised services
2.	RH, Sarkaghat	100	81	40-49	Lack of specialised services and shortage of space.
3	CH, Jogindemagar	100	38	22-24	Shortage of building
4	CH, Sarahan	50	50	10-23	Lack of specialised services
5	CH, Chango	10	10	Nil	Non-functional
6	CHC, Nirmand	30	14	1-3	Shortage of accommodation
7	CHC, Sangla	30	15	1	Lack of infrastructure facilities
8	CHC, Dalash	6	6	1	Lack of infrastructure facilities
9	CHC, Nichar	6	4	1	Lack of infrastructure facilities
10	CHC, Rajpur	6	6	1-3	Patients preferred private practitioners for better treatment
11	CHC, Sangrah	6	6	1	Lack of infrastructure facilities

10. Lambul and Kadhota (Hamirpur district) and Kurgal and Bhunti (Solan district).

3.1.25 The low occupancy of beds in the above hospitals was mainly attributable to lack of infrastructure and specialised services which indicated that satisfactory healthcare services were not being provided to the public by these institutions.

3.1.26 Six beds for Intensive Care Unit (ICU) costing Rs 1.21 lakh, purchased and supplied by the DHS to the CMO, Nahan in June 1999 were lying in the store, as ICU ward did not exist in the district hospital Nahan. These beds could have been transferred to hospitals where facilities existed.

Implementation of Centrally sponsored scheme

National anti-malaria programme

3.1.27 National Anti Malaria Programme (NAMP) a hundred per cent Centrally sponsored scheme was funded by the Government of India in kind through supply of DDT and drugs every year. Materials worth Rs 2.30 crore¹¹ was received between 1999-2000 and 2002-03. No material was received during 2003-04.

Under the programme two rounds of DDT spray in malaria prone pockets were to be carried out every year. It was, however, noticed that the spray operations was carried out partially between 1999 and 2001 but operations during 2002 and 2003 was not carried out due to non-according of sanction by the State Government for engaging *beldars*. Resultantly, 1,061 bags (53 MTs) of DDT costing Rs 44 lakh received from Government of India had expired between November 2001 and October 2002.

The DHS confirmed (January-February 2004) the above facts.

National mental health programme

3.1.28 Mention was made in paragraph 3.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 (Civil) Government of Himachal Pradesh regarding non-utilisation of Rs 40.25 lakh by the CMO, Bilaspur out of Rs 50 lakh provided by the Government of India during 1998-2002 for implementation of mental health programme. Further scrutiny revealed that after taking up the programme on pilot basis in September 1999, Rs 56.94 lakh out of proposed outlay of Rs 1.16 crore were

11 1999-2000: Rs 92.45 lakh; 2000-01: Rs 89.06 lakh; 2001-02: Rs 36.78 lakh and 2002-03: Rs 11.89 lakh.

received upto March 2003 as shown below:

Table: 3.3

(Rupees in lakh)

Sr. No.	Name of component	Funds received	Funds utilised upto March 2004	Unutilised funds
1	Staff salary	14.00	13.41	0.59
2	Medicines, stationery and other contingencies	19.56	9.38	10.18
3	Equipments, vehicles, etc.	9.00	8.96	0.04
4	Training	8.52	3.27	5.25
5	Information, education and communication (IEC)/workshops	5.86	4.57	1.29
Total:		56.94	39.59	17.35

Test-check (February 2004) revealed the following points:

3.1.29 The State Government was required to post suitable personnel for manning the District Mental Health Team (DMHT) from among the in-service incumbents willing to serve this pilot project. The team was expected to provide daily out-patient service, a ten bed facility, referral service, liaison with PHC, follow up service and community survey. Besides, the team was also required to create awareness in the community to remove stigma of mental illness.

3.1.30 It was noticed that no regular DMHT was constituted. One regular pharmacist and one Group "D" (on contract basis) were deployed to work for the programme. However, a psychiatrist of adjoining district hospital (Hamirpur) was deployed to attend the referred cases from wards of the local hospital only once in a week on every Saturday. Thus, the programme was not fully implemented.

3.1.31 The State Mental Health Authority, under the Chairmanship of the Commissioner-cum-Secretary (Health) decided (July 2001) to meet the expenditure on salary of psychiatrist, driver, nursing orderly, sweeper, clerk (one each) and staff nurses (four) out of the funds received from the Government of India under the project. Accordingly, Rs 13.41 lakh had been shown spent on the above staff upto February 2004, whereas the mentally ill patients were treated for roughly four days a month by one psychiatrist from other district hospital. Thus, the funds received from the Government of India were diverted to meet expenditure on salary of above staff without actually performing the assigned duties.

3.1.32 Since there was no regular psychiatrist in DH, Bilaspur, purchase (2002-03) of one vehicle, costing Rs 4.36 lakh for a psychiatrist of other district, who merely attended to patients once a week was not justified.

3.1.33 There was no provision for the purchase of computer under the pilot project. One computer was purchased for Rs 0.49 lakh (1999-2000) by the Nodal Officer whereas Electro Convulsive Therapy (ECT) machine with resuscitation equipment which was essential for revival of patients was not purchased inspite of provision in the guidelines.

3.1.34 Since the Ninth Five Year Plan ended in March 2002, the balance grant of Rs 58.76 lakh out of total outlay of Rs 1.16 crore was not released by the Government of India. Moreover, Rs 17.35 lakh out of Rs 56.94 lakh were still (February 2004) lying unutilised with the Nodal Officer.

3.1.35 Thus, the overall objective of the pilot project was not achieved due to laxity on the part of the State Mental Health Authority inspite of an expenditure of Rs 39.59 lakh incurred on the pilot study and funds of Rs 58.76 lakh lapsed.

Non-functional mental hospital

3.1.36 A 50 bed Mental Hospital was constructed in Shimla at a cost of Rs 2.17 crore and inaugurated in November 2002. The Mental Hospital named as the Himachal Institute of Mental Health and Neurology Sciences (HIMHANS) was being looked after by a General Duty Officer (doctor) alongwith five officials (pharmacist, ward sister, clerk, ward boy and sweeper), transferred (August 2002) from Zonal Hospital, Shimla. Material, machinery and other hospital equipment, etc., worth Rs 7.60 lakh was purchased (March 2002) for this hospital by the DHS by diverting the budget from *Pradhan Mantri's Gramodaya Yojna* (PMGY). The entire staff was idle due to non-posting of psychiatrist and other related staff as of March 2004. The idle staff was paid Rs 12.72 lakh as salary upto March 2004 by the CMO Shimla. Thus, the whole expenditure of Rs 2.38 crore (hospital building: Rs 2.17 crore; material and equipment: Rs 0.08 crore and salary of staff: Rs 0.13 crore) has been rendered unfruitful.

The DHS stated (March 2004) that the hospital could not be made functional due to non-availability of psychiatrist, psychiatric nurses, clinical psychologist and psychiatric social worker. Creating facilities without ensuring the availability of essential personnel shows indifference towards the persons suffering from mental ailments.

Award of Eleventh Finance Commission (EFC) for upgradation of standards of administration

3.1.37 For establishment of three Regional Diagnostic Centres (RDCs) in the State, Rs nine crore (Rs three crore per RDC) were allocated out of upgradation and special problems grant awarded by the EFC for the years 2000-2004. These RDCs (one each for four districts) were proposed to be set up in Bilaspur, Hamirpur and Solan districts. As per guidelines issued (September 2000) by the Government of India, Rs 2.53 crore were to be spent for the purchase of equipment and Rs 0.47 crore for building works.

Test-check (April 2004) of records of DHS revealed that (i) against allocation of Rs three crore for each RDC, expenditure of Rs 1.91 crore for all the three centres was shown to have been incurred as of March 2004 which included Rs 1.41 crore released to the executing agencies during 2000-2004 for construction of buildings (civil works) for these centres and Rs 0.49 crore as cost of acquisition of equipment. The execution of building/civil works was not started (May 2004). (ii) Rupees 3.57 crore had been diverted by the State Planning Department during 2003-04 to other departments as given below leaving unutilised funds of Rs 3.52 crore.

Table: 3.4

(Rupees in crore)

Sr. No.	Name of department to which funds diverted	Amount	Purpose for which diverted
1	Tourism and Civil Aviation	0.04	To defray cost of land compensation award pronounced by the Court.
2	Youth Services and Sports	0.02	To organize 20 th National Basket Ball Championship at Kangra.
3	Deputy Commissioner, Kullu	0.10	Construction of Building/Examination Hall for Government Senior Secondary School, Sultanpur.
4	Language, Art and Culture	0.09	To meet the liability on the presentation of Tableaux on Republic Day in New Delhi.
5	Deputy Commissioner, Una	0.45	Construction of roads and installation of tube wells in Una district.
6	Home	2.87	To finance the project "Rashtriya Sam Vikas Yojna", Chamba district.
Total:		3.57	

3.1.38 Thus only 21 *per cent* of available funds could be utilised as the department failed to prepare proper action plan for timely setting up of these RDCs during 2001-04 and the funds provided under the award of EFC would lapse in March 2005.

The DHS admitted (April-May 2004) the facts.

Pradhan Mantri's Gramodaya Yojna

3.1.39 Additional Central Assistance (ACA) of Rs 19 crore was received from the Government of India under PMGY during 2002-04 (2002-03: Rs 13 crore and 2003-04: Rs six crore) to supplement the resources of the State Government under Rural Health Sector. The ACA was to be utilised for strengthening the functioning of the existing primary healthcare facilities including repair and maintenance of infrastructure in HSCs, PHCs, CHCs and staff quarters.

The following points were noticed:

3.1.40 Out of total allocation of Rs 19 crore under PMGY, Rs 10.04 crore¹² only were stated to be utilised by the department and remaining funds of Rs 8.96 crore lapsed due to non-utilisation.

3.1.41 The DHS attributed (April 2004) non-utilisation of ACA to non-finalisation of tender policy for the purchase of machinery and equipment and slow pace of execution of works by the executing agencies. Reply of the DHS is not tenable, as effective and timely monitoring at each stage of the project was not done.

3.1.42 Contrary to PMGY guidelines, Rs 7.60 lakh were unauthorisedly diverted for the purchase of material and equipment for non-functional Mental Hospital, Shimla.

3.1.43 The DHS stated (January 2004) that the diversion was sanctioned by the Government in view of the exigency of inauguration of Mental Health Hospital in November 2002. The reply is not tenable as the guidelines did not permit utilisation of funds on institutions in urban areas.

Achievement of health and family welfare goals

3.1.44 National Health Policy (NHP) provided for certain standard goals, which were to be achieved by the year 2000 AD. Position with regard to achievement of these goals as of March 2004 was as per **Appendix-XXII**.

Following points were noticed:

3.1.45 Targets set for 2000 AD had not been achieved in respect of pre-natal mortality rate and child mortality rate. There was shortfall of 17 to 22 and three per thousand respectively. Similarly, shortfall in effective couple

¹² 2002-03: Rs 7.18 crore and 2003-04: Rs 2.86 crore.

protection¹³ (10 per cent), pregnant mothers receiving ante-natal services (28 per cent) and delivery by trained attendants (49 per cent) also pointed to inadequate management of these health services.

3.1.46 Data regarding achievement of goals for maternal mortality rate, for babies with birth weight below 2500 grams and family size had not been maintained by the DHS. Thus, the level of achievement against the goals set for these groups in NHP could not be ascertained.

3.1.47 Under immunisation status, shortfall of five and 15 per cent was noticed in two groups i.e. Tetanus Toxide (TT) for pregnant women and TT for school children of 16 year age group. This showed that adequate arrangements were not made for immunisation of these groups.

Status of medical equipment and machinery

Idle/unutilised/surplus machinery and equipment

3.1.48 Test-check (December 2003-April 2004) of records of two Zonal Hospitals¹⁴, one District Hospital¹⁵, one Referral Hospital¹⁶, five Civil Hospitals¹⁷, four CHCs¹⁸ and five PHCs¹⁹ revealed that machinery and equipment costing Rs 1.10 crore purchased between May 1983 and January 2003 as detailed in Appendix-XXIII was lying idle for the period ranging between 11 and 185 months.

3.1.49 The CMOs/Medical Officer of the hospitals confirmed (December 2003-April 2004) that due to non-functioning of the above machinery and equipment, the desired benefits could not be delivered to the patients.

Utilisation of vehicles

3.1.50 Of the total 597 vehicles held by the Department (April 2004), 130 vehicles were off road and awaiting condemnation. In some cases vehicles remained off the roads for 15 to 20 years. The DHS stated (April 2004) that off road vehicles were parked at different health institutions in the State and detailed information regarding these vehicles was not readily available. Delay in disposal of these vehicles was attributed to a lot of codal

13 Couple Protection connotes eligible couples covered under different methods of family programme.

14 Mandi and Nahan.

15 Reekong Peo.

16 Sarkaghat.

17 Paonta Sahib, Rajgarh, Sandhole, Sarahan and Sundarnagar.

18 Gohar, Pooch, Rajpur and Sangla.

19 Balichowki, Haripurdhar, Ribba, Sangrah and Spillo.

formalities involved in the process. Reply was not tenable as timely action for disposal of these vehicles could have fetched a good sum from auction money.

3.1.51 Of the remaining 467 on road vehicles, the DHS stated (April 2004) that 47 vehicles were surplus and these had been placed at the disposal of Secretary GAD to the Government of Himachal Pradesh for further allocation to other departments. He further stated (September 2004) that 12 vehicles had so far been taken over by the General Administration Department.

Other points of interest

Levy, collection and utilisation of user charges

3.1.52 Article 266 of the Constitution of India lays down that all revenues received by the Government of a State shall be credited to Consolidated Fund of the State and that no moneys out of said fund shall be appropriated except in accordance with law and in the manner provided under the Constitution. Article 204 (3) of the Constitution further lays down that no money shall be withdrawn from the Consolidated Fund except under appropriation made by law passed in accordance with the provisions of the Constitution.

3.1.53 In violation of the above provisions, Hospital Management and Welfare Societies (HMWSs) were set up in all the Zonal/District hospitals and registered under the Societies Registration Act 1860 vide State Government notification of June 2001. Such societies were also formed (November 2001) in all sub-divisional level hospitals. The HMWSs were headed by the respective Deputy Commissioners/Sub Divisional Magistrates. According to the notification *ibid*, (i) all hospital receipts in the shape of user charges, registration fee, etc., were to be fixed and received by the concerned society and (ii) the societies could utilise the funds raised for purchase/maintenance of materials/consumables/machinery and equipment without taking prior permission of the Government. The HMWSs were renamed as *Rogi Kalyan Samities* (RKSSs) in November 2001 and again renamed (May 2003) as *Asptal Kalyan Samities* (AKSSs).

The following points were noticed:

3.1.54 Bye-laws of Societies had not been approved by the Government as of April 2004. User charges varied from hospital to hospital and there was no uniformity as these had been fixed by the concerned societies. There was also no uniformity for the rates of similar types of tests. Thus, no norms were followed.

3.1.55 As of March 2003, thirty five RKSSs/AKSSs, established between June 2001 and September 2002 were functioning in different hospitals. The

latest financial status of AKSs, called (December 2003) from the DHS was not supplied as of April 2004. Scrutiny of records revealed that the DHS had informed (May 2003) the Government that the RKSs had generated an income of Rs 5.23 crore from user charges of which Rs 4.10 crore were utilised on purchase of machinery, equipment and repair, etc., leaving unutilised funds of Rs 1.13 crore.

3.1.56 Prior to formation/registration of above HMWSs/RKSs/AKSs, the user charges used to be the revenue receipts of the Government. With the formation of these societies, the revenue receipts and the expenditure thereon was kept outside the Consolidated Fund of the State.

3.1.57 On being pointed out in audit, the Additional Secretary (Health) assured (January 2004) to amend the rules.

Non-monitoring of financial and physical progress of capital works

3.1.58 During 1999-2004, Rs 32.25 crore²⁰ were released by the DHS to the State Public Works Department (PWD) for the construction of 1,082 health institutions. It was noticed that no records to watch financial and physical progress of works executed by the PWD had been maintained by the DHS. Thus, the status of various capital works was not known as of April 2004.

Lack of internal audit and inspection mechanism

3.1.59 The State Finance Department had posted Sub-ordinate Accounts Services (SAS) qualified personnel in the department (Directorate: one Deputy Controller and one Assistant Controller and in each CMOs office: one Assistant Controller). Internal Audit of the department was one of the main duties of these SAS personnel. It was, however, noticed that there existed no Internal Audit system in the department. The DHS stated (December 2003) that due to shortage of SAS personnel internal audit could not be conducted. Reply of the DHS was not tenable, as services of the existing SAS personnel were not being utilised strictly as per their prescribed duties.

3.1.60 The department had not prescribed any norms for the general inspection of the hospitals and other healthcare institutions. Records of occasional inspection carried out, if any, had not been maintained.

Monitoring and Evaluation

3.1.61 The NHP provided for an effective health Management Information System (MIS). The programme was to ensure planning and decision making

²⁰ 1999-2000: Rs 6.50 crore; 2000-01: Rs 6.35 crore; 2001-02: Rs 3.07 crore; 2002-03: Rs 7.04 crore and 2003-04: Rs 9.29 crore.

in health related fields. It emphasised monitoring and periodical review of the efforts made and the results achieved. It was noticed that no system for monitoring and implementation of various programmes was devised by the department. Neither the MIS nor departmental Manual was framed to regulate the functioning of the healthcare institutions in the department. In the absence of the MIS, the department did not have upto date data on manpower, infrastructure facilities, status of machinery and equipment in hospitals and financial/physical progress of works executed by the PWD.

3.1.62 The DHS stated (April 2004) that the progress of various activities of health related programme were reviewed and evaluated in the monthly/quarterly meetings at different levels. It was further stated that evaluation of various national health programmes was done by the Government of India, non-Government organisations and other independent agencies. The reply is not tenable as no evaluation reports, guidelines issued and follow up action taken were produced for audit scrutiny.

These points were referred to the Government in July 2004; their reply had not been received (September 2004).

Public Works Department

3.2 Pradhan Mantri Gram Sadak Yojna (PMGSY)

Highlights

There was significant shortfall in achievement of targets fixed for completion of roads under phase I and II of PMGSY. Substantial amounts of funds remained unutilised. PMGSY guidelines were not followed while executing the works. Instances of sub-standard execution of works, undue financial aid to contractors and debiting of expenditure to the scheme incurred prior to its inception were noticed. Some significant audit findings were as under:

Against 229 villages with a population of over one thousand to be connected through 215 roads by 2003, only 41 could be linked through 37 roads by March 2004.

(Paragraph 3.2.7)

Only 149 roads covering 213 villages could be completed by March 2004 as against 245 roads covering 359 villages with a population of over 250 approved for completion by June 2003 under PMGSY 2001-02 (Phase-II).

(Paragraph 3.2.9)

Funds of Rs 62.30 crore and interest of Rs 5.72 crore remained unutilised with seven Project Implementation Units and two District Rural Development Agencies.

(Paragraphs 3.2.11 and 3.2.12)

Thirteen roads costing Rs 5.12 crore were incorrectly reported as having been completed during June 2002-December 2003 though only 11 roads were actually completed by September 2003-March 2004 and two roads were still incomplete in April 2004.

(Paragraph 3.2.16)

In 15 divisions, performance security of Rs 1.91 crore was not obtained from 35 contractors and their earnest money of Rs 50 lakh was not forfeited to the Government, as required. Further against the leviable liquidated damages of Rs 3.21 crore on 38 contractors in 13 divisions, liquidated damages of Rs 58 lakh alone were levied out of which Rs three lakh only were recovered.

(Paragraphs 3.2.21 and 3.2.24)

Expenditure of Rs 2.52 crore incurred on annual repairs, etc., was unauthorisedly incurred from PMGSY funds.

(Paragraphs 3.2.29 to 3.2.31)

The abbreviations used in this review have been listed in the Glossary in Appendix XXXIX (Page 181-182).

Improper designing of pavements of 13 roads under five divisions resulted in sub-standard/below specification execution to the extent of Rs 5.18 crore. Adoption of uneconomical specifications for the execution of 90 roads under 15 divisions resulted in extra avoidable expenditure of Rs 1.09 crore and failure to ensure quality control had resulted in sub-standard execution of a road costing Rs 88 lakh.

(Paragraphs 3.2.37, 3.2.44 and 3.2.46 to 3.2.47)

In five divisions, 10 road works constructed at a cost of Rs 5.42 crore could not be termed all weather roads (AWRs) for want of bridges/railway crossings. Expenditure of Rs 2.91 crore incurred on the execution of six roads under five divisions was unfruitful as the works were held up due to involvement of railway activities, private land, etc.

(Paragraphs 3.2.50 and 3.2.52)

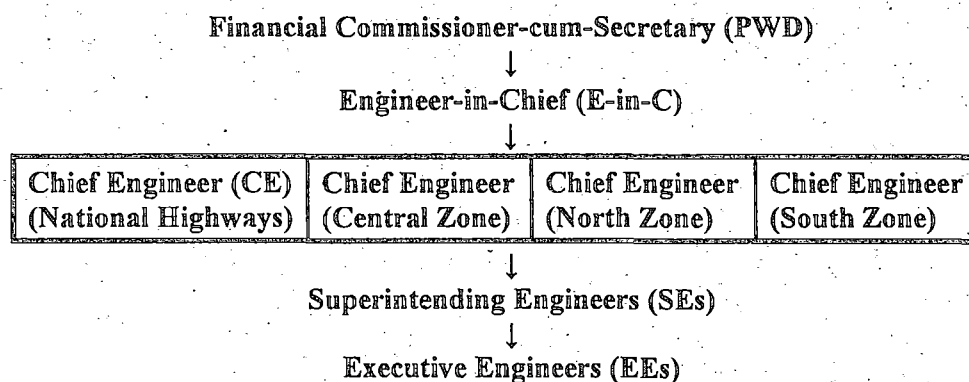
Introduction

3.2.1 Keeping in view the socio-economic benefits accruing from providing road connectivity to the villages, the Prime Minister announced (15 August 2000) a Centrally Sponsored Scheme called the PMGSY. The scheme aimed at connecting every village having population of more than 1,000 through good all weather roads (AWRs) within next three years. Similarly villages having more than 500 persons were to be connected by 2007 (end of Tenth Plan period). In case of hilly/desert tracts, the population was not to be less than 250. Accordingly, Government of India launched the scheme in December 2000. For 2000-2001, funds for rural roads were provided to the concerned District Rural Development Agencies (DRDAs) as additional Central assistance and from 2001-2002 onwards it commenced as a 100 per cent Centrally Sponsored Scheme.

Organisational set up

3.2.2 The Himachal Pradesh Public Works Department (HPPWD) was to act as the nodal department for the implementation of the scheme.

Organisational set up of the department is as under:



3.2.3 The State Government nominated (April-July 2001) all the SEs and four Executive Engineers¹ in the tribal areas of the State as head of Project Implementation Units (PIUs) for PMGSY.

Audit coverage

3.2.4 Records pertaining to the selection and execution of the road works under PMGSY from 2000-01 to 2003-04 were test-checked in 14 out of 55 divisions² and three out of 14 circles³ involved in the implementation of the scheme between January 2004 and May 2004. This was supplemented by information, furnished by the E-in-C, DRDAs, SEs and points already noticed during audit of various divisions. Important points noticed in audit are discussed in the succeeding paragraphs.

Financial and physical targets and achievements

3.2.5 The PMGSY guidelines provide for execution and completion of the relevant projects within a period of nine months (to be extended to 12 months in exceptional cases) from the date of approval of the project proposals. Government of India further extended (January 2003) this period to 18 months. Year-wise and phase-wise details of the roads and funds approved by Government of India are given in Appendix-XXIV.

3.2.6 During 2000-2001, Rs 60 crore were provided as additional Central assistance for the execution of 127 road works already identified under the erstwhile Basic Minimum Services Programme (BMSP) to provide connectivity to the villages, having population of 250 and above. During 2001-02, 3,055 villages having population of 250 and above were identified for providing connectivity upto 2007 (end of 10th Plan period) by constructing 2,334 AWRs at an approximate cost of Rs 2804.82 crore as detailed in Appendix-XXV.

The following points were noticed in audit:

Non-achievement of targets

3.2.7 There were 229 habitations having population of 1,000 and above which were to be provided connectivity by the end of 2003 through AWRs by constructing 215 roads as detailed in Appendix-XXVI. However,

1 Kalpa, Kaza, Kullu and Udaipur.

2 Bajnath, Barsar, Dehra, Ghumarwin, Kullu-I, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Sarkaghat, Shimla-II, Sofan and Una.

3 Shimla, Solan and Una.

connectivity to 18 *per cent* habitations (41 out of 229) only could be provided within the targeted time. The targets were thus not achieved.

3.2.8 The EEs concerned stated that the road works were taken up for execution according to the approval accorded by Government of India. The plea is not tenable as connectivity to all the habitations having population of 1,000 and above each was to be provided latest by the year 2003.

3.2.9 Under PMGSY 2001-02 (Phase-II), 245 road works to cover 359 habitations (including the habitations which were to be covered incidentally) having population of 2,62,660 persons were approved for execution at sanctioned amount of Rs 128.93 crore. All the road works were required to be completed within 18 months (i.e. latest by 30 June 2003) from the date of approval by the Government of India. However, 149 road works only could be completed at an expenditure of Rs 62.19 crore as of March 2004 which covered 213 habitations (population: 1,60,702) and 96 road works on which expenditure of Rs 41.83 crore had been incurred and which were to cover 146 habitations (population: 1,01,958) were still incomplete. There was, thus, time overrun of nine months in the completion of 96 road works and shortfall of 39 *per cent* in achievement of targets of the roads approved for the year 2001-02 (Phase-II).

3.2.10 District-wise details of roads approved during 2001-02, taken up for execution and expenditure incurred thereagainst are detailed in Appendix-XXVII.

Unutilised funds and interest

3.2.11 Seven PIUs⁴ received Rs 146.89 crore during 2001-2004 either from the DRDAs or from Government of India for the implementation of the project proposals approved for the years 2000-2001 to 2003-04 (Phase-I to Phase-III). Of this, Rs 84.59 crore were released during 2001 to December 2003 to the concerned divisions and remaining amount of Rs 62.30 crore was still lying unutilised with the PIUs. Besides, interest of Rs 5.51 crore earned on these funds was also lying unutilised in the banks as no guidelines for their utilisation had been obtained from the Government of India.

3.2.12 Rupees 158.97 crore received during 2000-2003 by 11 DRDAs⁵ were transferred to the PIUs of the concerned districts. Of the interest of Rs 64 lakh earned before the transfer of funds, interest of Rs 43 lakh had been transferred but the balance amount of Rs 21 lakh was still (February-March 2004) lying with two DRDAs⁶.

⁴ Hamirpur, Kalpa, Kullu, Nurpur, Shimla, Solan and Una.

⁵ Bilaspur, Hamirpur, Kalpa, Kangra, Kullu, Lahaul & Spiti, Mandi, Sirmour, Solan, Shimla and Una.

⁶ Kangra at Dharamsala and Shimla.

Unauthorised upgradation/wrong selection of the roads

3.2.13 The primary focus of the PMGSY was on construction of new roads. The guidelines provided for the use of 20 *per cent* of the allocated money of the State for upgradation works if unconnected habitations were still left over in the State.

3.2.14 In 14 test-checked divisions, Rs 41.76 crore were approved (2001-2002) for the construction/upgradation of 86 roads under Phase-II of the scheme. Of these, 59 roads (estimated cost: Rs 25.29 crore) were to be upgraded and 27 roads (estimated cost: Rs 16.47 crore) were to provide new connectivity. The prescribed percentage was thus not adhered to.

3.2.15 The Executive Engineers of the concerned divisions stated (January-May 2004) that roads were recommended by the *Zila Parishad*/Member of Legislative Assembly/Member of Parliament and were approved by the Government of India. The reply is not tenable as guidelines were not followed.

Incorrect reporting of achievements

3.2.16 In three divisions⁷, 13 road works approved during 2000-01 for Rs 5.78 crore were reported to Government of India as completed during June 2002-December 2003. It was noticed in audit that two roads under Baijnath and Kullu-I divisions were still (April 2004) incomplete and 11 roads under Dehra division were actually completed during September 2003-March 2004. Expenditure of Rs 5.12 crore had been incurred on these roads as of March 2004.

3.2.17 While the EE, Dehra Division stated (April 2004) that 97 *per cent* progress of the roads was only shown upto November 2003 but completion of the roads in earlier months might have been shown at the higher level; the EE, Baijnath division admitted incorrect reporting. The EE, Kullu Division No. I stated that the road was complete except for side drains and parapets to the extent of 60 *per cent*. In this case too the reporting was incorrect.

Receipt and issue of stores

3.2.18 Materials costing Rs 2.12 crore were fictitiously booked in nine divisions⁸ against 31 road works between August 2001 and March 2003 without immediate requirement on works. Rupees 1.84 crore were subsequently written back to stock/transferred to other works. However, it was noticed in audit that adjustment of Rs 46 lakh had not been carried out in accounts as of April 2004 resulting in unjustified debit against PMGSY works.

⁷ Baijnath, Dehra and Kullu-I.

⁸ Baijnathi, Barsar, Dehra, Ghumarwin, Kullu-II, Palampur, Rohroo, Sarkaghat and Una.

The EEs of the concerned divisions admitted the facts.

3.2.19 During 2001-2004, 12 divisions⁹ procured 1643.029 MTs bitumen for PMGSY works from Himachal Pradesh Agro Industries Corporation at a cost of Rs 2.38 crore and paid handling charges of Rs 11 lakh even though no commercial/service charges were to be paid as per Government decision of March 2000. The Executive Engineers stated that handling charges were paid as per practice in the department. The Government was thus put to a loss of Rs 11 lakh because of ignorance of departmental officers about the Government decision.

Undue favour to the contractors

Non-realisation of performance securities

3.2.20 The PMGSY guidelines provide that the roads constructed under the programme should be of very high standard requiring no major repairs for at least five years after completion. For this purpose a performance security of five *per cent* of the contract price was to be obtained from the contractors within 10 days after receipt of letter of acceptance for a period of five years to be reckoned after the completion of works. Failing to do so, the awards were to be cancelled, earnest money forfeited and the contractor debarred from participating in bids under PMGSY for one year.

3.2.21 In 15 divisions¹⁰, 38 agreements were finalised during 2002-03 with 35 contractors for execution of 89 road works at tendered amount of Rs 39.23 crore. However, against the performance security of Rs 1.96 crore, performance security of Rs five lakh only was obtained by one division Palampur. The earnest money of Rs 50 lakh was also not forfeited, as required. Action of the department was thus contrary to the provisions of the guidelines of the scheme. This also extended undue financial benefit to the contractors.

3.2.22 The EEs stated (January-May 2004) that at the time of drawing agreements, no PMGSY norms/guidelines/standard bidding documents were received. The replies are not tenable in view of the guidelines of the scheme.

Non-levy/recovery of liquidated damages for time overrun

3.2.23 The guidelines of the PMGSY provide for execution and completion of the relevant projects within the stipulated period failing which liquidated damages at the rate of 10 *per cent* of the initial contract price were to be recovered from the contractors.

9 Bajnath, Ghumarwin, Killar, Kullu-I, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Sarkaghat, Solan and Una.

10 Bajnath, Barsar, Dehra, Ghumarwin, Killar, Kullu-I, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Sarkaghat, Shimla-II, Solan and Una.

3.2.24 In the test-checked divisions except Shimla-II, 46 agreements for execution of 83 road works were entered into during October 2001-February 2003 with 38 contractors for tendered amount of Rs 32.08 crore. Time period for completion of works was between two and nine months. The works were either still (March 2004) incomplete or there was substantial delay ranging between two to 25 months in their completion. Compensation/liquidated damages of Rs 3.21 crore were required to be levied on the contractors. It was noticed in audit that compensation of Rs 58 lakh was levied and only Rs three lakh were recovered by one division (Palampur).

3.2.25 Cogent reasons for non-compliance of PMGSY guidelines were not furnished by the EEs concerned.

Non/less deduction of securities

3.2.26 The Standard Bidding Documents for PMGSY require recovery of security deposit equivalent to five *per cent* of the amount from each payment due to the contractor until completion of the whole of the works. The security deposit is to be released after the expiry of defect liability period (five years from the date of completion) and issue of certificate by the Engineer that defects, if any, had been corrected before the end of this period.

3.2.27 In 13 divisions¹¹, total security of Rs 1.44 crore was required to be deducted from the running payments made to contractors against which only Rs 83 lakh were deducted. No reasons for less deduction of security of Rs 61 lakh were advanced by the concerned EEs. This amounted to undue financial benefit to the contractors.

False achievements by unauthorised debiting of expenditure

3.2.28 Repairs of existing roads or diversion of funds to other heads of accounts/works are not allowed under the PMGSY.

3.2.29 In six divisions¹², expenditure of Rs 88 lakh incurred on various roads prior to the introduction of PMGSY was debited to PMGSY during March 2001-June 2002 without approval from the Government of India.

3.2.30 In five divisions¹³, expenditure of Rs 1.42 crore incurred on annual repairs and maintenance, etc., of roads was debited to PMGSY during October 2001-June 2002. Of this, expenditure of Rs 1.03 crore was written back during April 2002-October 2003 to the concerned heads of account and the remaining expenditure of Rs 39 lakh, incurred by four divisions¹⁴ remained unauthorisedly debited to PMGSY.

11 Bajjnath, Barsar, Dehra, Ghumarwin, Killar, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Sarkaghat, Solan and Una.

12 Bajjnath, Barsar, Dehra, Kullu-I, Palampur and Sarkaghat.

13 Bajjnath, Barsar, Ghumarwin, Kullu-I and Kullu-II.

14 Bajjnath, Barsar, Kullu-I and Kullu-II.

3.2.31 In Una division, renewal coat for an area of 32,374.33 sqms of 11 roads was provided at a cost of Rs 22 lakh during October 2001-January 2003 and debited to the PMGSY in contravention of the guidelines.

Thus, expenditure of Rs 2.52 crore was unauthorisedly debited to show exaggerated financial achievements under PMGSY.

Cost overrun

3.2.32 As per guidelines, the roads taken up for execution/upgradation under PMGSY were to be executed as per scope and within the cost finally cleared by the State Technical Agency/Government of India.

3.2.33 It was noticed in audit that expenditure of Rs 8.37 crore was incurred on completion of 18 road works by five divisions¹⁵ during December 2001-November 2003 against the approved amount of Rs 7.32 crore. There was thus cost overrun of Rs 1.05 crore which was mainly attributed to change in scope of work, site conditions etc.

Execution of roads

Avoidable expenditure due to failure to follow prescribed norms

3.2.34 The Rural Roads Manual, followed for execution of roads under PMGSY, provides for carriageway width of three metres for rural roads constructed under PMGSY where traffic intensity is less than 100 motorised vehicles per day (MVPD) and the traffic is not likely to increase due to situations like dead end, low habitation and difficult terrain condition.

3.2.35 In 14 divisions¹⁶, carriageway width of 109 (395.79 kms) roads constructed/under construction under PMGSY where traffic intensity was less than 100 MVPD was kept as 3.05 metres instead of 3 metres. Resultantly, carriageway of 12,07,161 sqms was provided against the requirement of 11,87,370 sqms. This resulted in providing of extra carriageway in an area of 19,791 sqms costing Rs 54 lakh, which was avoidable.

3.2.36 While admitting the facts, the Executive Engineers stated (January-May 2004) that carriageway width of 3.05 metres was provided as per practice prevalent in the case of rural roads of the State. The replies are not tenable as the Rural Roads Manual of IRC provided for the carriageway of three metres which was to be followed to effect economy.

¹⁵ Baijnath, Barsar, Dehra, Palampur and Una.

¹⁶ Baijnath, Barsar, Dehra, Ghumarwin, Killar, Kullu-I, Kullu-II, Nalagarh, Palampur, Rampur, Roliroo, Solan, Sarkaghat and Una.

Failure to follow the prescribed norms thus resulted in extra avoidable expenditure of Rs 54 lakh.

Sub-standard execution of roads due to improper designing of pavements

3.2.37 The roads constructed under PMGSY are expected to be of very high standard. For this purpose, Rural Roads Manual provides for the base course in two layers of WBM¹⁷ grade 2 and WBM grade 3 of 75 mm thickness each to obtain total compacted thickness of 150 mm before laying surface course of the road.

It was noticed in audit that the above specifications were not followed while designing the pavements in the case of 13 roads under five divisions¹⁸ built at a cost of Rs 5.18 crore. The actual compacted thickness achieved was only 75 mm.

The Executive Engineers concerned stated (February-April 2004) that the second layer of base course was not provided as the same was not required as per California Bearing Ratio (CBR) test-reports. The contentions are not tenable as the provisions of the manual had not been followed.

The works costing Rs 5.18 crore were thus sub-standard.

3.2.38 It was further noticed that the base course of 10 road works (length: 28.77 kms) under Baijnath division was designed by providing two layers of WBM grade-2 instead of WBM grade-2 and grade-3 and the work was got executed from three contractors at a cost of Rs One crore.

3.2.39 The EE, while admitting the facts stated (April 2004) that the base course of WBM grade-2 was divided into two layers for obtaining better consolidation as per practice being followed in the rural roads of the State where CBR tests were not conducted. The reply is not tenable as the provisions of rural roads manual were not followed.

3.2.40 The carriageway width of the road where traffic intensity is more than 100 MVPD is to be kept at 3.75 metres as provided in the Rural Roads Manual.

3.2.41 In Shimla Division-II, on the road from Jathia Devi to Rampuri (length: 6.290 kms) where traffic intensity was 150-450 HVPD, carriageway width of 3.05 metres was provided instead of 3.75 metres at a cost of

¹⁷ WBM: Water bound macadam.

¹⁸ Nalagarh, Palampur, Sarkaghat, Shimla and Una.

Rs 26 lakh. The EE admitted (June 2004) the facts and stated that carriageway width of 3.05 metres was kept as per prevailing practice.

3.2.42 The construction of pavement of the road at a cost of Rs 26 lakh was thus not as per norms of Rural Roads Manual.

Avoidable expenditure due to adoption of uneconomical specification

3.2.43 Mention was made in paragraph 4.12 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 regarding avoidable expenditure due to non-adoption of economical specifications. The Report has not yet been discussed by the PAC.

3.2.44 Test-check of records of 15 divisions further revealed (June 2003 and January-May 2004) that the suggestions of the Study Group adopted by the Ministry of Surface Transport (MOST) for one time laid one layer of Premix Carpet (PC) were not effected by the Divisional Officers and PC with a Seal Coat (SC) over an area of 8,30,300 sqms of road surface in 90 cases was laid during 2001-04 at a cost of Rs 5.96 crore. Had the divisions adopted the specifications suggested by the Study Group, the cost could have come down to Rs 4.87 crore.

- EEs of the concerned divisions tried to justify the deviation from the laid down specification on various grounds which had already been taken into account while fixing the norms. Failure to adopt economical specifications, thus, resulted in extra avoidable expenditure of Rs 1.09 crore.

Grading of the roads

3.2.45 According to the guidelines of PMGSY, the overall grading of a work during construction and on its completion should be "good" and "very good" respectively. The following points were noticed:

3.2.46 To provide communication facilities to five villages (population: 1,200) of Solan Block (Solan district), construction of six kms long Kheel-ka-Mor, Sabathu road was approved (2000-01) under Phase-I of PMGSY at an estimated cost of Rs 88 lakh. The work, stipulated to be completed by June 2002 was started (December 2001) by Kasauli Division and was still (March 2004) incomplete even after incurring expenditure of Rs 88 lakh.

3.2.47 Test-check of records of 3rd Circle, Solan revealed (February 2004) that the road crust was damaged and pavement/shoulders settled/failed at various places due to execution of sub-standard work, use of below

specification material, non-providing of cross drainage works at proper places and departure from the standard design by reducing the diameter of hume pipes. The National Quality Monitor (NQM) during inspection of the road graded (July 2002) it "Average" and the Departmental Joint Inspection Committee assessed (August 2003) the overall grading of the road as "Poor" and held the field units responsible for its sub-standard construction. An amount of Rs 11 lakh was required for improvement of the sub-standard work. Neither action to set right the sub-standard work nor any action against the contractor had been taken (February 2004) as desired by the Government.

3.2.48 The Superintending Engineer, 3rd Circle, Solan while admitting the facts, stated (February 2004) that charge sheets had been served on the concerned officials and action would be taken against the contractors. The reply is not tenable as the formalities required to be completed immediately had not been completed even after a lapse of more than six months after inspection of the road by the Departmental Joint Inspection Committee.

Non-utilisation of roads for want of bridges/railway crossings

3.2.49 The main objective of PMGSY was to provide connectivity to the village habitations through AWRs. Roads requiring construction of major bridges with a span of more than 15 metres and which could not be executed simultaneously were not to be selected under PMGSY.

3.2.50 It was noticed in audit that in five divisions¹⁹, 10 road works approved for execution under Phase-I (five roads) and Phase-II (five roads) for Rs 6.11 crore were completed during May 2002-November 2003 at a cost of Rs 5.42 crore. These roads could not be put to use for want of construction of 10 bridges on nine roads and providing of railway crossing on one road.

3.2.51 The Superintending Engineer, Una in respect of the road under Bangana division and the Executive Engineers of Baijnath, Palampur and Sarkaghat divisions stated (February-April 2004) that earlier there was possibility of constructing the bridges and providing railway crossings but due to financial constraints, needful could not be done. The Executive Engineer, Dharamsala division stated (October 2003) that hydraulic data for the construction of bridge over Jugal *khad* was under preparation. They also stated that the roads were being utilised in fair weather. The main objective of PMGSY to provide all weather connectivity had not been achieved and expenditure of Rs 5.42 crore remained largely unfruitful.

¹⁹ Baijnath, Bangana, Dharamsala, Palampur and Sarkaghat

Unfruitful expenditure

3.2.52 PMGSY guidelines provide that it would be the responsibility of the State Level Standing Committee to oversee that land is available for taking up the proposed road works. A certificate to this effect was to accompany all the proposals.

Contrary to these provisions, construction of six road (estimated cost: Rs 3.51 crore), stipulated to be completed within a period of 18 months after approval of the Government of India were taken up by five divisions²⁰ during 2001-03 without ensuring availability of hindrance free land as detailed in **Appendix-XXVIII**. These works, on which Rs 2.91 crore had been spent, were held up since various periods between June 2002-August 2003 due to involvement of railway activities (two roads) and dispute over private land (four roads).

The expenditure of Rs 2.91 crore thus remained largely unfruitful.

Unauthorised splitting up of projects

3.2.53 According to PMGSY guidelines, a well established procedure for tendering through competitive bidding was to be followed for all projects. The projects would be tendered in packages of appropriate size between Rs one crore and Rs five crore (minimum limit revised to Rs 50 lakh in September 2002) without compromising with the quality of works.

3.2.54 In 11 divisions²¹, 40 road works (estimated cost: Rs 4.58 crore) were awarded (2001-2004) to various contractors for Rs 5.22 crore by splitting them up into 692 agreements ranging between Rs 0.09 lakh and Rs 27.39 lakh. The value of work done against these agreements was Rs 5.69 crore. Failure to give wide publicity through press deprived the department of the benefits of competitive rates.

3.2.55 The EEs, of all the divisions stated (January-May 2004) that the works were split up because of urgency, to complete them within the prescribed time and to facilitate their execution. The pleas are not tenable as PMGSY guidelines were not followed.

Non-finalisation of contracts of the completed works

3.2.56 The works in respect of 48 roads awarded by 10 divisions²² at tendered amount of Rs 14.67 crore between February 2001 and

²⁰ Bharwain, Chopal, Kullu-I, Kullu-II and Una.

²¹ Bajnath, Barsar, Dehra, Ghumarwin, Kullu-I, Kullu-II, Palampur, Rampur, Rohroo, Sarkaghat and Una.

²² Bajnath, Barsar, Dehra, Ghumarwin, Kullu-I, Kullu-II, Nalagarh, Rohroo, Solan and Una.

December 2002 on 49 contracts were completed between March 2001 and March 2004 at gross amount of Rs 12.72 crore. The contracts were, however, still (February-May 2004) to be finalised. Cogent reasons for non-finalisation of agreements were not furnished.

Miscellaneous

Non-plantation of trees

3.2.57 PMGSY guidelines provide for planting of fruit bearing and other suitable trees on both sides of the roads. A suitable condition to this effect was to be inserted in the contracts.

3.2.58 In 13 divisions²³, 97 road works approved (2001-02) under PMGSY Phase-II for execution at sanctioned amount of Rs 46.44 crore were awarded (2002-03) to various contractors at tendered amount of Rs 39.92 crore. It was noticed in audit that the requisite condition was incorporated in the contracts in four divisions²⁴ but no plantation was got done. The concerned Executive Engineers thus failed to enforce the contract conditions. In the remaining nine divisions²⁵ no condition was incorporated in the contracts. The Executive Engineers thus did not follow the PMGSY guidelines and extended undue benefit to the contractors.

Irregular payments

3.2.59 In Shimla division No. II, two road works were completed during June 2002-September 2003. Gross payment of Rs 70 lakh was made to the contractors which included Rs 20 lakh on account of deviated/substituted items. Approval of the competent authority for the deviated/substituted items had not been obtained.

EE admitted the facts and stated (June 2004) that necessary approval was being expedited.

Non-establishing of field laboratories by the contractors

3.2.60 According to the guidelines on quality monitoring and control mechanism for PMGSY issued (February 2003) by the National Rural Roads Development Agency, the contractors were to establish field laboratories.

23 Bajjnath, Barsar, Dehra, Ghumarwin, Kullu-I, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Sarkaghat, Solan and Una.

24 Bajjnath, Dehra, Nalagarh and Palampur.

25 Barsar, Ghumarwin, Kullu-I, Kullu-II, Rampur, Rohroo, Sarkaghat, Solan and Una.

Engineer-in-Chief had also issued (July 2002) instructions that the contractors should have their own testing laboratories/arrangements.

3.2.61 Records of the test-checked divisions revealed that condition regarding establishment of field laboratories was not included in the agreements. The contractors had also not made arrangements for conducting tests at site for ensuring quality control. The Executive Engineers stated (February-May 2004) that requisite tests were being conducted at various laboratories at the cost of the contractors. The replies are not tenable as the purpose of establishing laboratories at site of works for conducting spot tests for ensuring quality control was forfeited.

Non-submission of utilisation certificates (UCs)

3.2.62 The Government of India had made available Rs 60 crore and Rs 128.93 crore under PMGSY 2000-01 and 2001-02 respectively to the PIUs for execution of various road works in the State. The Ministry asked (January 2004) to make UCs available in respect of the amount utilised till 31 December 2003.

3.2.63 In 11 test-checked divisions²⁶, funds of Rs 13.77 crore and Rs 31.52 crore for the execution of 32 and 61 roads for the years 2000-01 and 2001-02 respectively were sanctioned by the Government of India. However, UCs for Rs 6.99 crore for the year 2000-01 and for Rs 31.52 crore for the year 2001-02 were still (April 2004) to be furnished by these divisions.

3.2.64 The EEs attributed non-submission of UCs mainly to non-finalisation of contracts, non-completion of packages, etc. The replies are not tenable as UCs for the amount of Rs 38.51 crore utilised till 31 December 2003 should have been submitted to the Government of India.

Recommendations

The whole planning and execution process requires a fresh look. To achieve the target of providing connectivity to the villages by the end of 10th Plan period, it is imperative to complete the incomplete road works on priority basis. Sanctions to identified works awaiting approval need to be expedited.

These points were referred to the Government in July 2004; their reply had not been received (September 2004).

Planning Department

3.3 Sectoral Decentralised Planning Programme

Introduction

3.3.1 Sectoral Decentralised Planning (SDP) Programme was launched in the State during 1993-94 except in tribal areas¹. Under this programme, five *per cent* funds are taken from the approved plan outlays in respect of 14 selected heads² of development and are placed at the disposal of the Deputy Commissioners (DCs) of the concerned districts as “Untied Funds” to be utilised on works of small nature which do not find place in the budget and to ensure that requirements of people for these works are instantly met through public grievances redressal machinery.

Aims and objectives of the programme are: (i) decentralise planning and decision making process at district level for faster flow of benefit of developmental schemes to the people; (ii) execution of small developmental works which could cater to the urgent needs of local people by way of creating community assets and employment opportunities viz. *Panchayat Bhavans*, rain shelters, town halls and foot bridges, etc. (iii) provision of basic infrastructural facilities by the Government for sustainable development in rural as well as urban areas viz. link roads, primary health centre buildings and school buildings, etc.

At the State level, Principal Advisor-cum-Secretary (Planning) is the Head of the Department/Nodal officer for the implementation of this programme. At the District level, the DCs are the Controlling Officers. The scheme was to be implemented through Block Development Officers (BDOs) and Executive Engineers (EEs) of Public Works/Irrigation and Public Health (PW/I&PH) departments.

Implementation of the programme for the period 1999-2004 was reviewed from January-April 2004, based on the test-check of records of three³ out of 10 DCs, 18⁴ out of 67 BDOs, 16⁵ out of 100 EEs (PWD/I&PH) supplemented by a review of records and information supplied by the Principal Advisor-cum-Secretary (Planning). The results of the test-check are discussed in the succeeding paragraphs.

1 Kinnaur and Lahaul and Spiti Districts, Pangi and Bharmour, Sub-Divisions of Chamba District.

2 Soil and Water conservation, Integrated Rural Energy Programme, Community Development, Minor Irrigation, Flood Control, Village and Small Scale Industries, Roads and Bridges, Primary Education, General Education, Allopathy, Ayurveda, Rural Water Supply, Welfare of Schedule Caste/Tribes/OBCs and Social Welfare.

3 Hamirpur, Kangra and Mandi.

4 Balh, Baijnath, Bhawana, Bhoranj, Chauntra, Dharampur, Drang, Gopalpur, Hamirpur, Kangra, Lambagaon, Nadaun, Nagrota Bagwan, Panchrukhi, Pragpur, Rait, Sujanpur and Sundernagar.

5 B&R Baijnath, Dharampur, Hamirpur, Jogindernagar (NH), Kangra, Mandi-I, Mandi-II, Palampur, Sundernagar, Sarkaghat, I&PH: Hamirpur, Mandi, Palampur, Sundernagar, Shahpur and Sarkaghat.

Financial outlay and expenditure

3.3.2 Year-wise financial outlay and expenditure incurred on the programme for the State (except tribal areas) during 1999-2004 was as under:

Table: 3.5

(Rupees in crore)

Year	Funds allocated	Expenditure	Variation Excess (+) Saving (-)
1999-2000	27.77	27.77	-
2000-2001	17.95	17.25	(-) 0.70
2001-2002	35.20	34.89	(-) 0.31
2002-2003	20.36	19.55	(-) 0.81
2003-2004	7.47	7.47	--

Source: Departmental figures.

3.3.3 The allocation of funds and expenditure incurred as per records of the DCs during 1999-2004 in three districts test-checked was as under:

Table: 3.6

(Rupees in crore)

Year	Opening balance	Funds allocated by Planning Department	Total funds available for utilisation with DCs	Funds distributed by DCs to executing agencies	Balance unspent with DCs
1999-2000	18.23	13.39	31.62	22.99	8.63
2000-2001	8.63	8.92	17.55	11.57	5.98
2001-2002	5.98	20.63	26.61	7.01	19.60
2002-2003	19.60	9.43	29.03	23.10	5.93
2003-2004	5.93	2.70	8.63	3.75	4.88
Total:	58.37	55.07	113.44	68.42	

Source: Departmental figures.

Unspent funds not surrendered

3.3.4 Under the SDP, the funds were to be utilised during the respective financial year and the unspent balance was not to be carried forward to the subsequent year and the savings, if any, were to be deposited in Government account. It was noticed that during 1999-2004, funds ranging from Rs 4.88 crore to Rs 19.60 crore remained unutilised in the banks and were not deposited in Government account. These were released to the executing agencies during subsequent years. The DCs attributed (January-April 2004) non-utilisation of funds to late receipt of funds from the Government and non-finalisation of estimates of the works by the executing agencies in time. The replies are not tenable as the guidelines were not followed and unspent

funds meant for development works of urgent nature were kept outside Government account. This also affected the ways and means position of the State Government during the respective years. The Principal Advisor-cum-Secretary (Planning) admitted the fact (January 2004).

3.3.5 Test-check of records further revealed that out of Rs 68.42 crore distributed by the DCs of the three test-checked districts to the executing agencies during 1999-2004, Rs 27.29 crore were released to 18 BDOs and 16 Executive Engineers during the aforesaid period. Of this, only Rs 21.73 crore were utilised by them leaving an unspent balance of Rs 5.56 crore as of March 2004. Non-utilisation of programme funds within the specified period was indicative of tardy implementation of the programme by the executing agencies and resulted in denial of intended benefits to the beneficiaries. In these cases too, the unspent balances were kept in commercial banks thereby keeping the public money outside Government account and adversely affecting the ways and means position of the Government.

Convincing reasons for non-utilisation of funds were not given by the executing agencies.

3.3.6 Interest of Rs 11.64 lakh earned on bank deposits by two DCs⁶ and 15 BDOs⁷ during 1999-2004 had not been deposited in the Government treasuries as required. The concerned DCs and BDOs admitted the facts and stated (January-April 2004) that it would be credited into Government account.

Diversion of funds

3.3.7 According to the guidelines, re-appropriation/diversion of plan funds in respect of rural water supply head was not permissible. However, the DCs had diverted Rs 88.16 lakh (Hamirpur: Rs 12.87 lakh, Kangra: Rs 61.16 lakh and Mandi: Rs 14.13 lakh) from the aforesaid head to other heads of accounts. The DCs stated (January-April 2004) that the works for which funds were diverted were the basic requirements of the people. The replies are not tenable in view of the provisions of guidelines.

Parking of development funds

3.3.8 Eighty eight works such as construction of buildings, road, bridges, water supply schemes, etc., for which Rs 3.38 crore were released by the DCs

⁶ Hamirpur and Kangra.

⁷ Balh, Bhoranj, Bajjnathi, Bhawana, Drang, Gopalpur, Hamirpur, Kangra, Lambagaon, Nagrota Bagwan, Pragpur, Panchrukhi, Sundemagar, Sujanpur and Rait.

of Hamirpur, Kangra and Mandi districts to 13 EEs⁸ (PWD/I&PH) and seven BDOs⁹ during 1999-2004 had not been taken up for execution as of March 2004. The executing agencies stated (January-April 2004) that these works had not been taken up for execution due to non-availability of site (six works: cost Rs 11.40 lakh); inadequate provisions of funds (eight works: cost Rs 15.56 lakh); dispute on sites (15 works: cost Rs 10.30 lakh); non-finalisation of estimates/tenders (56 works: cost Rs 2.98 crore) and non-availability of material (three works: cost Rs 2.38 lakh). The contentions of the executing agencies cannot be held correct as the phasing of works for more than one financial year is not permissible and failure to execute works within the fixed time frame deprived the beneficiaries of the intended benefits and funds of Rs 3.38 crore were unnecessarily parked with the executing agencies.

Sanction of works without approval

3.3.9 According to the guidelines, the works/schemes were to be approved by the District Planning, Development and Twenty Point Programme Review Committee (Committee) and the DCs were to bring out this fact in the sanction order while according administrative approval and expenditure sanction for each work/scheme.

In the test-checked districts, it was noticed that the DCs sanctioned 3,849 works costing Rs 54.54 crore during 1999-2004. Of these 2,169 works estimated to cost Rs 36.27 crore had not been approved by the Committee as of March 2004.

The DCs stated (January-April 2004) that the works were sanctioned as the meetings of the Committee could not be held regularly due to non-availability of the Chairman during the above years. The replies are not tenable as non-availability of Chairmen in all the test-checked districts during a period of five years does not appear to be a convincing reason for not holding the meeting for obtaining the approval of the Committee. The provisions of the guidelines had thus not been followed.

Sanction of works not admissible under the programme

3.3.10 According to the SDP programme, the developmental works should lead to community benefit (consisting of at least five families) and no works benefitting individual/single families were to be taken up for execution. Contrary to this, DCs had diverted Rs 3.45 crore (Hamirpur: Rs 0.70 crore; Kangra: Rs 2.73 crore and Mandi: Rs 0.02 crore) during 1999-2004 for the construction of office buildings and Government residential buildings, etc. The DCs stated (January 2004) that these works pertained to Government

⁸ Baijnath, Dharampur, I&PH Hamirpur, Jogindemagar (NH), Kangra, Mandi (I&PH), Mandi-II, Palampur, Palampur (I&PH), Sarkaghat, Sarkaghat (I&PH), Sundemagar and Shahpur (I&PH).

⁹ Balh, Chainba, Kangra, Nahan, Pragpur, Padhar and Rait.

departments and the expenditure was incurred in the public interest. The replies are not tenable as execution of such works was not covered under the programme.

Wasteful expenditure on construction of temporary sheds, etc., for a Degree College due to change of site

3.3.11 The Commissioner-cum-Secretary (Education) administratively approved (April 2002) the construction of building for Shahid Captain Vikram Batra Government College at Ballah (Paur) near Palampur in Kangra district for Rs 4.39 crore. The DC, Kangra also accorded financial sanction for Rs 60 lakh (November 2002: Rs 40 lakh and December 2002: Rs 20 lakh) out of SDP allocation without obtaining approval of District Planning Committee and released the funds to the EE (PWD), Palampur during the above months. The work was stipulated to be completed in one year. The work was taken up for execution by the EE Palampur through a contractor in November 2002 and an expenditure of Rs 64.90 lakh had been incurred on construction of nine temporary sheds, etc. Execution of work was subsequently abandoned/stopped due to change of the site to Palampur (Tikka Nihag) by the Government on public demand. Estimate for Rs 8.38 crore was submitted to Superintending Engineer, Palampur in January 2004 for construction of college building at Palampur which had been sanctioned (February 2004) for Rs 7.71 crore by the State Government. The execution of the work is yet to be started. The expenditure of Rs 64.90 lakh on construction of sheds, etc., had thus been rendered wasteful.

Blocking of funds due to non-selection of site for fish farm

3.3.12 Principal Advisor-cum-Secretary (Planning) allocated (March 2001) Rs 1.01 crore to DC Mandi for the construction of fish farm at Sidhpur in Mandi district in anticipation of administrative approval. DC Mandi drew Rs One crore in March 2001 and deposited it in a savings bank account.

3.3.13 Test-check of the records of DC Mandi revealed (December 2003) that Rs One crore were paid (between March 2002 and January 2003) to the Himachal Pradesh Agro-Industries Corporation, Himachal Pradesh, Shimla (Rs 30.25 lakh), the Advisor-cum-Chief Executive Officer, Himachal Pradesh Agriculture Fishing and Marketing Society, Bilaspur (Rs 68.25 lakh) and the EE, I&PH Sarkaghat (Rs 1.50 lakh). EE, I&PH, Sarkaghat conducted the preliminary survey of the proposed site of fish farm at Sidhpur through Central Water and Power Research Station, Khadakwasla, Pune in August 2002 and spent Rs 1.18 lakh on their site visit. As per the technical report (March 2003), the proposed site was not found satisfactory from the river engineering point of view and another project site at the opposite bank of river Beas was recommended. The construction of fish farm had not been started due to non-acquisition of land and the amount of Rs 98.82 lakh was lying unutilised with the executing agencies as of April 2004.

Monitoring

3.3.14 For effective implementation of the programme, a schedule of inspection was prescribed for each supervisory level functionary by the Planning Department. The Principal Advisor-cum-Secretary (Planning)/Officers of the Planning Department were also required to conduct inspection of two *per cent* sanctioned works.

3.3.15 Test-check revealed that no records of inspections carried out were maintained by the departments. The efficacy of inspections conducted could thus not be verified in audit.

3.3.16 The DCs were required to submit quarterly physical/financial progress reports of works to the Principal Secretary-cum-Advisor (Planning) by 10th of the succeeding month every quarter. The progress reports were to indicate the details of works taken up, expenditure incurred during the quarter and cumulative expenditure at the end of the quarter, the position of works completed, works nearing completion and works not yet started, under the programme in their districts.

3.3.17 Test-check of records revealed that the DCs had neither submitted such reports to the Principal Secretary-cum-Advisor (Planning), Shimla nor were such reports called for by him (April 2004) during 1999-2004. The DCs stated (January-April 2004) that the reports could not be submitted due to non-furnishing of reports by the executing agencies. The details of works sanctioned under the programme, taken up for execution, completed and remaining incomplete were not available with the Principal Advisor-cum-Secretary (Planning) as admitted (July 2004) by him. Being nodal officer, he thus failed to monitor the programme. These instances are indicative of the fact that implementation of the programme was not monitored at any level.

Evaluation

3.3.18 Though the programme was being implemented in the State from 1993-94 onwards, no evaluation of the programme had been conducted till April 2004. On this being pointed out in Audit, the State Government decided (April 2004) to conduct an evaluation study to assess the impact of SDP Programme and to evaluate the achievement of the objectives of this programme towards meeting the missing links in the process of development planning in the State. Further developments were awaited (August 2004).

These points were referred to the Government in May 2004; their reply had not been received (September 2004).

Multipurpose Projects and Power Department

3.4 Himachal Pradesh Energy Development Agency (*Himurja*)

Introduction

3.4.1 The Himachal Pradesh Energy Development Agency (*Himurja*) was established in February 1989 and registered as a society under 'Societies Registration Act, 1860'. The main objectives of *Himurja* are to promote the research, development of non-conventional and renewable sources of energy, preparation of Master Plan for development of small hydro resources in hilly areas, harnessing of Micro Hydel Projects (MHPs) up to five MW through private investors, popularising the technology of Hydrams, exploitation of wind energy for power generation and other mechanical use and to take up demonstration programme in order to create awareness and popularise the utility of non-conventional energy sources among the people.

3.4.2 An Executive Committee (EC) supervises and controls both the financial and administrative activities of *Himurja*. Secretary (Multi Purpose Projects and Power) is the Chairman of the EC besides six members. Chief Executive Officer/Director *Himurja* is Member Secretary of the EC. The Chief Executive Officer (CEO)/Director is the administrative head of *Himurja* and is responsible for management, implementation and monitoring of various activities through a Director, a Joint Director, two Executive Engineers (EEs), three Senior Project Officers and 12 Project Officers (POs)¹.

3.4.3 Records of *Himurja* for the period 1998-2003 were test-checked during January-April 2004. Points noticed during audit are discussed in the succeeding paragraphs.

Financial outlay and its management

3.4.4 Main source of income of *Himurja* is grants-in-aid from Central and State Governments and other miscellaneous receipts.

1 Bilaspur, Hamirpur, Kangra, Kumaon, Kulhu, Mandi, Shimla, Solan, Sirinour and Una (one PO for each District), Chamba (three POs), Lahaul and Spiti (two POs).

The position of receipts and expenditure during 1998-2003 was as under:

Table: 3.7

(Rupees in crore)

Particulars	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
Opening balance	4.19	8.31	7.11	7.24	3.29
Grants received from					
(i) State Government	6.41	3.55	4.11	2.43	3.12
(ii) Central Government	3.73	4.40	4.50	1.13	2.05
Other sources	0.08	1.28	1.92	0.21	1.25
Total	14.41	17.54	17.64	11.01	9.71
Expenditure					
(i) State Government	2.76	7.59	6.26	2.92	4.89
(ii) Central Government	3.34	2.84	2.46	4.04	2.33
Other sources	-	-	1.68	0.76	1.31
Total expenditure	6.10	10.43	10.40	7.72	8.53
Closing balance	8.31	7.11	7.24	3.29	1.18
Percentage of less utilisation of funds	58	41	41	30	12

The following points were noticed:

3.4.5 According to sanctions, the grants received were required to be utilised during the respective financial year and utilisation certificates (UCs) were to be sent to the sanctioning authority at the close of the year. Unspent grants at the end of the year were to be returned to the Government immediately. It was noticed that grants ranging between Rs 1.18 crore and Rs 8.31 crore remained unspent during 1998-2003 which were not refunded to the Government, as required. Overall less utilisation of grants (including

unspent balances of previous years) under State and Central sectors during 1998-2003 ranged between 12 and 58 *per cent*. The unspent amounts were deposited in various banks. The Director, *Himurja* stated (April 2004) that the funds were carried forward to the next years to clear the past liabilities. The reply is not tenable as condition governing the release of grants was not complied with.

Unauthorised creation of capital fund

3.4.6 There was no provision for the creation of capital fund in the Memorandum of Association and the rules framed thereunder. However, *Himurja* created a capital fund during 1991-92 by transferring Rs 9.60 lakh to the fund being excess of income over expenditure. There was an opening balance of Rs 1.38 crore in the fund in the beginning of 1998-99 and Rs 4.18 crore were credited to it during 1998-2003. The manner in which the balances available in the fund were to be utilised had not been intimated as of June 2004. Further, sanction for creation and operation of the fund was not made available to audit. Scrutiny of records revealed that Rs 59.89 lakh² were spent by the *Himurja* on purchase of new vehicles, computers, fax machines, photostat machine, wireless communication system, purchase of land and furniture, etc., during 1998-2003.

While admitting the fact, the Director *Himurja* stated (April 2004) that the policy was being followed since 1991-92.

Programme implementation

Delay in commissioning of Micro Hydel Projects (MHPs)

3.4.7 Contracts for execution of seven³ MHPs (installed capacity: 1040 KW) in four districts⁴ were awarded (November 1997 and July 2000) to three firms on turnkey basis at an estimated cost of Rs 19.66 crore (revised to Rs 24 crore). Time allowed for completion of the projects was twelve working months from the date of award of work. Six projects were commissioned between January 2001 and October 2003. Delay involved in completion of these projects ranged between one and 43 months. The seventh project (Bara Bhangal) scheduled to be completed in July 2002 was in progress as of April 2004. Expenditure of Rs 18.94 crore, had been incurred on them. It was noticed in audit that the completed projects were under defect liability period and final bills of the contractors had not been paid as of June 2004. Liabilities remaining to be discharged had also not been assessed. Delay in commissioning the projects also resulted in non-generation of 91,10,400 units of energy entailing revenue loss of Rs 2.28 crore.

2 1998-99: Rs 17.43 lakh; 1999-2000: Rs 6.27 lakh; 2000-01: Rs 2.01 lakh; 2001-02: Rs 4.20 lakh and 2002-03: Rs 29.98 lakh.

3 Bara Bhangal, Gharola, Juthed, Kothi, Lingti, Purthi and Sural.

4 Chamba, Kangra, Kullu and Lahaul and Spiti.

Director, *Himurja* stated (April 2004) that execution of these projects was delayed due to snow bound areas, limited working season, closure of roads, etc. The contention is not tenable as all these factors had already been taken into account while awarding the works to the contractors.

Running of projects at less capacity

3.4.8 Five projects⁵ (installed capacity: 900 KW) commissioned between January 2001 and July 2003 were running at seven to 56 *per cent* of their installed capacity. The projects generated 24,19,110 units of power against expected units of 72,70,800. This resulted in loss of revenue of Rs 1.21 crore. Reasons for underutilisation of the installed capacity, called for in December 2003, had not been furnished as of June 2004.

Irregular payment of Operation and Maintenance (O&M) charges

3.4.9 O&M contract for the aforesaid five projects was executed with a firm at a total cost of Rs 1.75 lakh per month from the dates of their commissioning. Payment of Rs 40.41 lakh was made to the firm during 2001-2003. The projects were still under defect liability period and had not been handed over by the contractors. The payment of O&M charges to the firm was thus unjustified.

Non-realisation of revenue

3.4.10 The five MHPs generated 24,19,110 units of energy upto December 2003 from the date of their commissioning which was supplied to grid through Himachal Pradesh State Electricity Board (HPSEB). Due to non-finalisation of Power Purchase Agreement till April 2004, Rs 60.48 lakh on account of cost of energy supplied to HPSEB grid had not been recovered. The Director stated (April 2004) that HPSEB was requested to release the payment. The reply is not acceptable as the agreement should have been finalised before supply of power to HPSEB.

Small Micro Hydel Power Development

Setting up of MHPs through private investors

3.4.11 The State has potential of 750 MW in Small Hydro Power Sector (SHPS) and to give a boost to energy sector as well as to provide focused and undivided attention to SHPS, the work relating to MHPs with capacity upto five MW was transferred to *Himurja* in November 1994.

Himurja identified 469 sites (estimated capacity: 720 MW) between 1996-2002 of which MOUs for 222 projects was signed with private investors. The Independent Power Producers (IPPs) were required to submit Detailed Project Reports (DPRs) within 18 months from the date of signing of MOUs, failing which Security Deposit was liable to be forfeited. 44 projects were found unviable at Detailed Project Report stage and MOUs for 178 projects (estimated capacity: 377 MW) were in operation. However, work on all the 178 projects (except Chandni and Mannal in Sirmour district) allotted between February 1996 and September 2002 had not been started (April 2004).

After having found the projects viable, Implementation Agreements (IA) were to be executed for starting the projects within six months after getting clearance from Forest/Irrigation and Public Health departments. However, to keep a proper check over IPPs, security deposit in the form of bank guarantee at the rate of Rs two lakh per MW is required to be deposited at both the stages i.e. MOU and IA separately.

3.4.12 Scrutiny of records in audit however, revealed the following position:

Table: 3.8

(Rupees in crore)

Sr. No.	Particulars	Number of projects involved	Delay in months	Security deposits not forfeited	Remarks
1	DPRs not submitted	46	13 to 61	1.51	MOUs signed between 1999-2000 and 2002-03.
2	Delayed submission of DPRs	38	4 to 31	1.79	MOUs signed between February 1998 and April 1999.
3	Work not started within stipulated period	38	19 to 49	1.73	IAs signed between March 2000 and September 2002.
4	Cases where IAs not signed	9	40 to 51	-	DPRs submitted between January and December 2000.

Reasons for the above lapses called for in May 2004, were not intimated. *Himurja* thus failed to exercise proper control over the private investors to harness the potential to boost energy sector.

Loss in running of portable hydro generator sets

3.4.13 To cater to the need of un-electrified villages, 15 portable hydro based Generator Sets (Capacity: 200 KW), received free of cost, from Government of India, were installed at seven places⁶ in Chamba and Shimla districts between April 1997 and November 2000. The O&M work of all these Generator Sets was assigned to a contractor from the dates of their operation. *Himurja* spent Rs 76.46 lakh on their O&M between 1998-2003 and generated 24,60,878 units of power valued at Rs 61.52 lakh (at the rate of Rs 2.50 per unit) through the contractor. Electricity generated through these generators was supplied at the rate of Rs 20 per household per month as decided by the Executive Committee (EC). It was noticed in audit that no justification for fixing the rate of Rs 20 per household per month was available on record. Rupees 4.10 lakh were actually collected on account of supply of energy to the consumers. Since no meters were installed at the premises of the consumers, actual power consumed by them could not be ascertained. *Himurja* thus sustained a loss of Rs 72.36 lakh during 1998-2003 which indicated implied subsidy to the consumers. The Director stated (April 2004) that the O&M cost was on the higher side due to snowbound and inaccessible areas. The reply is not tenable as these factors should have been foreseen while considering the proposal for installation of such generator sets and fixing the rates for recovery of power supplied to consumers.

3.4.14 One portable hydel power generating unit of 15 KW installed at Sarahan (Shimla district) was reported to have been washed away due to flash flood during 2003 which was insured for Rs 13.24 lakh and premium of Rs 0.03 lakh per annum was paid between 2000-2003. *Himurja* did not lodge the claim with the insurance company and thus sustained the loss to that extent.

Purchase and installation of hydrams

3.4.15 To popularise the hydram⁷ technology for harnessing irrigation potential of fast flowing perennial streams, the work of procurement and installation of hydrams at various places in all the districts of the State (except Kinnaur and Lahaul and Spiti districts) under two schemes of Rural Development Department (RDD) was entrusted (1999-2000) to *Himurja*. Under these schemes 600 hydrams (cost: Rs 5.71 crore) were required to be installed at various sites during 1999-2003. Rupees 4.48 crore were released by the RDD between February 2000 and April 2002 to *Himurja* against which Rs 3.47 crore were spent during 2001-03 on procurement and installation of 365 hydrams. Of these, 159 hydrams valued at Rs 1.51 crore were lying with various POs and had not been installed (April 2004). This resulted in blocking of programme funds of Rs 2.52 crore (including unutilised amount of

6 Chamba district: Hillour (2), Hilu-Tawan (2), Sahali (2) and Saichu (6).

Shimla district: Pandara (1), Pujarli (1) and Sarahan (1).

7 Hydram: Mechanical device designed to lift water to elevated areas by its own force.

Rs 1.01 crore). Reasons for non-installation of hydrams, called for in April 2004, had not been intimated (June 2004).

Undue financial favour to firms

3.4.16 Orders for the supply of 270 hydrams with pipes were placed on a firm between February 2000 and August 2002. The supplies were to be completed by the firm by December 2002. The firm however, supplied 205 hydrams upto December 2002. There was no penal clause in the agreements for delayed/non-supply of hydrams to secure the interests of *Himurja*. Further, according to the terms and conditions of the agreements entered into with the firm in June 2000 and January 2001 no advance payment was to be made. It was however, noticed in audit that advance payments aggregating Rs 41.22 lakh were made between April 2001 and October 2002 to the firm of which Rs 13.52 lakh had been recovered between March-October 2002 leaving a balance of Rs 27.70 lakh as of April 2004. This resulted in undue financial aid to the firm and loss of Rs 3.81 lakh to *Himurja* on account of interest which could have been earned on the amount of advance.

Non-accounting of devices

3.4.17 During 1998-2003, 1,531 devices such as domestic light, street light, solar lantern and solar cookers were issued to five Project Officers⁸ by the Director. Of these, 492 devices valued at Rs 40.55 lakh had not been accounted for by the concerned POs. The Director stated (May 2004) that the POs had been directed to reconcile the stocks.

Other topics of interest

Operation of posts without sanction

3.4.18 Posts of four Executive Engineers and one Section Officer (upgraded as Accounts Officer in September 1994) were operated by *Himurja* on different dates between September 1994 and April 2004 without obtaining the approval of EC. Pay and allowances amounting to Rs 56.84 lakh were paid to the incumbents of these posts. Operation of these posts without approval of EC was thus irregular.

Deployment of staff on daily wages

3.4.19 As per instructions of the State Government issued in September 1995, as applicable to *Himurja*, no new posts on daily wage/part time were to be created/filled up without concurrence of Finance Department

⁸ Bilaspur: 25; Chamba: 254; Kullu: 610; Mandi: 467 and Reckong Peo: 175.

(FD) Contrary to these instructions, *Himurja* engaged 27 personnel (JEs: five; Motivators: nine; Drivers: two; Peons: three; part time *Chowkidars*: five; Sales girl, Electrician and Mechanic: one each) during 1995-2003, without obtaining the approval of FD and spent Rs 43.69 lakh on their wages till March 2004.

Director stated (April 2004) that recruitment was made by the respective POs as per prevailing policy at that time. The reply is not tenable in view of specific Government instructions.

These points were referred to the Government in July 2004; their reply had not been received (September 2004).

3.5 Exploitation of State's potential in Hydel Power to make it self-sustaining

Non-exploitation of State's potential in Hydel Power in full due to shortage of funds for survey and investigation resulted in delay to make it self-sustaining.

3.5.1 Electricity forms one of the most crucial inputs for development of the economy. Himachal Pradesh is endowed with massive hydel power potential and this is the only source which is considered to make the State's economy self-reliant. Himachal Pradesh State Electricity Board (HPSEB) is the main agency for development of power sector in the State and overall control of the department is vested with the Principal Secretary, Multipurpose Projects and Power (MPP&Power).

3.5.2 Analysis of information relating to hydel power potential supplied (March-April 2004) by the State Government is given in the succeeding paragraphs:

Total identified potential and power potential exploited

3.5.3 The State has an identified potential of 20,796 Mega Watt (MW) in its five major river basins and power potential of 5,542 MW had been harnessed upto 31 March 2004 by various agencies including 326.50 MW in State sector by HPSEB.

Planning for un-exploited power potential

On going projects

3.5.4 Of the 15,254 MW un-exploited power potential, 47 projects having capacity of 8,394.50 MW were under execution through various agencies and eight projects with installed capacity of 821.50 MW (State Sector: seven projects-321.50 MW and Central/Joint sector: one project-500 MW) had been planned for commissioning during 10th Five Year Plan. Construction cost of seven projects under execution in the State had been estimated at Rs 1715.72 crore. Construction cost of one project being executed in Central/Joint sector was not made available.

Projects proposed to be executed in Central Sector

3.5.5 For exploitation of 3,082 MW power potential, five projects were entrusted to two central public sector undertakings between November 1998 and July 2001. For three Projects (Parbati Stage-II, III and Kol Dam) cost had been estimated at Rs 12,006.65 crore whereas estimated cost of two projects (Parbati Stage-I and Chamara-III) was not available with the department. These projects had been targeted for commissioning during 11th Five Year Plan.

Projects proposed to be executed in Private Sector

3.5.6 For harnessing of 651 MW power potential of 15 projects, the State Government had signed Memorandum of Understandings (MOUs) with various companies between June 2000 and July 2002. MOUs of 8 projects with installed capacity of 361 MW were, however, cancelled subsequently reportedly due to non-compliance of the conditions by the respective companies. In the remaining six projects having 190 MW power potential, investment involved was estimated at Rs 1,083.47 crore whereas in one project with 100 MW power potential, estimated cost/investment involved was not available as DPRs in this case had not been finalised.

3.5.7 For execution of seven projects¹ with capacity of 302.50 MW on Build Own, Operate and Maintain basis with an investment of approximately Rs 2,000 crore in private sector, bid documents were under sale.

Potential yet to be harnessed

3.5.8 Potential of 6,109.50 MW involving 37 projects had been lying un-exploited and the State Government attributed (April 2004) it to the shortage of funds for survey and investigation.

Expected revenue receipts

3.5.9 Assessment of expected revenue receipts from un-exploited potential had not been done as these projects were still under investigation. However, from 12 projects which had been proposed for exploitation in private sector, revenue receipts of Rs 65.36 crore per annum by way of royalty had been estimated.

Revenue generated but not deposited into Government account

3.5.10 Free power share of the State and share of State at generation cost valued at Rs 77.13 crore received by HPSEB from five projects during 1992-2003 had not been deposited into Government account. Also revenue receipts worth Rs 37.59 crore on account of undrawn share of power of the State Government from Yamuna basin project upto 2002-03 were not realised and credited into Government account. Had this been done, the ways and means position of the State Government could have improved and revenue deficit to this extent could have also been reduced in the relevant year.

Conclusion

3.5.11 The hydro electric potential harnessed so far is about 26.65 per cent of the total identified potential. Since it will form a major source of revenue, it is expedient if the identified potential is tapped in a time bound manner to give a boost to the State economy.

These points were referred to the Government in (May 2004); their reply had not been received (September 2004).

¹ Sal-I, Suil, Shalvi, Chirgaon, Majhgaon, Budhil, Sorang and Tidong.

Planning and Rural Development Departments

3.6 Failure of schemes/programme to deliver results

3.6.1 The Ninth Five Year Plan envisaged the objectives of ensuring environmental sustainability of the development process through social mobilisation and participation of people at all levels. It also aimed at promoting and developing people's participation through institutions like *Panchayati Raj Institutions* (PRIs), cooperatives and self help groups (SHGs). To achieve these objectives, the State Government launched schemes like *Vikas Mein Jan Sahyog* (VMJS) in 1993 and *Sarswati Bal Vidya Sankalp Yojna* (SBVSY) in April 1999. Besides, Centrally sponsored schemes (CSS) like *Swaranjayanti Gram Swarajgar Yojna* (SGSY) and Integrated Watershed Development Programme (IWDP) were also implemented.

3.6.2 VMJS and SBVSY were to be implemented by the Deputy Commissioners (DCs) through Block Development Officers (BDOs) and SGSY and IWDP by the District Rural Development Agencies (DRDAs) through BDOs and Watershed Committees.

3.6.3 Test-check of records in the offices of DCs and DRDAs of five districts¹ and 15 BDOs² relating to implementation of the above schemes/programmes revealed (October-December 2003-April 2004) the following points:

Vikas Main Jan Sahyog

Non-completion of works

3.6.4 To ensure effective participation of people towards fulfilling their developmental needs in terms of infrastructure, the programme, "*Gaun Bhi Apna Kam Bhi Apna*" was started in 1991-92. It was restructured (January 1993) and renamed as *Vikas Main Jan Sahyog* (VMJS). According to the guidelines of the programme, community was to play an important role in selection of implementing agency for execution of the works/schemes.

1 Chamba, Kangra, Hamirpur, Mandi and Shimla.

2 Balh at Nerchowk, Basantpur, Chamba, Chauntra, Chopal, Hamirpur, Karsog, Mandi, Sadar, Mashobra, Ranpur, Salooni, Sundernagar, Theog, Nadaun and Nurpur.

Funds sharing ratio between community and State Government was as under:

Table: 3.9

(Percentage of total cost)			
Sr. No.	Nature of assets	Government share	Public share
Urban Area			
1.	Community assets	50	50
2.	Government Assets	75	25
Rural Area			
3.	Creation of assets in tribal/backward/SCs/STs and OBC inhabited areas	85	15
4.	Creation of assets in other area	75	25

3.6.5 The works/schemes sanctioned under the above programme were required to be completed within one year from the date of sanction.

3.6.6 The DCs were empowered to sanction works/schemes upto monetary limit of Rs one lakh and works/schemes costing more than Rs one lakh required sanction of State Planning Department on the recommendation of DC. Further, works undertaken were subject to close monitoring through local committee to be constituted by the DCs.

3.6.7 Test-check of records of four DCs³ for the period 2000-03 revealed that 1,314 works estimated to cost Rs 18.47 crore were sanctioned under the above programme and the whole amount was remitted to the BDOs concerned for execution of works through PRIs. Of these, 709 works (54 per cent) were completed at a cost of Rs 9.36 crore and the remaining 605 works remained incomplete (March 2004) as detailed in Appendix-XXIX. The balance amount of Rs 9.11 crore also remained unutilised.

3.6.8 Concerned DCs stated (March-April 2004) that the works could not be completed due to lack of interest shown by the concerned PRIs. Reply is not tenable as the *Panchayats* being grass root level institutions, should have been persuaded properly by the DCs to utilise the funds.

Non-maintenance of assets created under the programme

3.6.9 For proper upkeep and maintenance of assets created under the programme, the Community and the Government were liable to contribute 10 per cent of the cost of works additionally.

3.6.10 From 1993-94 onwards funds for maintenance purposes contributed by the community and the State Government accumulated to Rs 5.50 crore with the five DCs⁴ as of 31 March 2004. In Mandi and Shimla districts, however, Rs 15 lakh only had been utilised for maintenance and the balance

3 Chamba, Hamirpur, Mandi and Shimla.

4 Chamba: Rs 0.60 crore; Hamirpur: Rs 0.99 crore; Kangra: Rs 0.88 crore; Mandi: Rs 1.05 crore and Shimla: Rs 1.99 crore.

amount of Rs 5.35 crore (97 *per cent*) still remained unutilised with the respective DCs in savings bank accounts opened in commercial banks.

3.6.11 The DCs involved stated (March-April 2004) that the beneficiaries/executing agencies had not approached them to release the maintenance funds. The contention is not acceptable as the DCs had not ensured maintenance of such assets through local committees to be formed by them.

Sarswati Bal Vidya Sankalp Yojna

3.6.12 The scheme was launched (April 1999) with the objective of solving the accommodation problem in primary schools of the State. Under the scheme, a minimum of three rooms were to be provided to each of the primary schools, within a period of three years. The construction of the buildings was to be ensured through local community participation. Village Education Committee (VEC) with the *Gram Panchayat Pradhan* as its patron and the President of the parent teacher association as Chairman was to be formed for this purpose. The implementation of the scheme was to be ensured within three years from the date of its starting. For the construction of 1,232 rooms in primary schools, Rs 12.36 crore were provided to DCs, Chamba and Shimla during 1999-2002.

3.6.13 It was noticed in audit that even after cessation of operation of the scheme in March 2002, construction of 597 rooms remained incomplete and funds amounting to Rs 5.22 crore remained unutilised with the DCs concerned in savings bank accounts as of April 2004. Shortfall in physical achievements was 28 (Chamba) and 57 (Shimla) *per cent* whereas financial performance fell short by 31 (Chamba) and 47 (Shimla) *per cent* respectively.

3.6.14 Failure to ensure timely completion of school rooms defeated the very purpose of providing adequate accommodation in the needy schools. The concerned DCs stated (April 2004) that the works could not be completed due to lack of interest shown by the VECs/people of the area. Replies are not tenable as participatory institutions should have been persuaded properly to ensure timely completion of accommodation in the schools.

Swarnjayanti Gram Swarozgar Yojana

3.6.15 *Swarnjayanti Gram Swarozgar Yojna* (SGSY) is a holistic programme and aimed at establishing a large number of micro enterprises in the rural areas building upon the potential of rural poor. The objective was to bring the assisted families (*Swarozgaris*) above the poverty line in three years by ensuring that the family had a monthly net income of at least Rs 2000/- excluding repayment by providing income generating assets through a mix of bank credit and Government subsidy. Subject to availability of funds it was required to cover 30 *per cent* of poor families in each block in five years after commencement of this scheme.

3.6.16 Test-check of records of 11 BDOs revealed that there were 46,642 families identified below poverty line (BPL) in the beginning of April 1999 and during 1999-2004, 13,993 BPL families were required to be covered to achieve the goal of bringing the rural poor above the poverty line. Audit scrutiny of records of the aforesaid BDOs revealed that during the last five years period ending March 2004, only 4,469 BPL families were covered under the programme. The overall percentage shortfall in coverage of such families in the above blocks was 68 whereas block-wise percentage of shortfall ranged between 48 and 98 as tabulated below:

Table: 3.10

Sr. No.	Name of the block	Total BPL families	Target fixed (30% of BPL)	Actual coverage	Shortfall	Percentage of shortfall
1.	BDO Nurpur	3470	1041	412	629	60
2.	BDO Theog	4408	1322	453	869	66
3.	BDO Rampur	6062	1818	674	1144	63
4.	BDO Chopal	5375	1613	308	1305	81
5.	BDO Sundernagar	4462	1339	694	645	48
6.	BDO Chauntra	2888	866	426	440	51
7.	BDO Balh	4713	1414	659	755	53
8.	BDO Sadar Mandi	5636	1690	363	1327	79
9.	BDO Mashobra	2783	835	213	622	94
10.	BDO Karsog	4736	1421	30	391	98
11.	BDO Basantpur	2109	633	237	396	63
Total:		46642	13993	4469	9523	68

3.6.17 The physical achievements in the above cases were indicative of failure of implementing agencies to ensure required flow of desired benefits to the beneficiaries concerned. The BDOs of Theog (Shimla district) and Mandi Sadar block (Mandi district) stated (June 2004) that the beneficiaries were not coming forward to get the benefits despite holding of publicity/awareness campaigns by them. They further stated that the fact of poor response from beneficiaries was not reported to the State Government as there was no mechanism for such reporting. The other BDOs attributed (March-April 2004) the shortfall in coverage of families to lack of awareness of people and their not coming forward to get the benefit under this scheme.

3.6.18 The contentions of the BDOs are not acceptable as they should have ensured proper implementation of the programme.

Integrated Watershed Development Programme

Unfruitful expenditure on watershed development works

3.6.19 For carrying out watershed development in an area of 3,992 hectares, six watershed areas in Chauntra and Sadar development blocks (Mandi district) were approved by Government of India in 1998 at an estimated cost

of Rs 1.58 crore. The stipulated period of implementation was five years which was to be reckoned from 1998-99 and the works were to be completed by March 2003. The execution of works in the above areas was entrusted by the Project Officer, DRDA, Mandi to Sarweda Foundation a Delhi based Non-Governmental Organisation (NGO) which started the execution in July 1998 without securing close involvement of the User Communities.

3.6.20 Test-check of records of PO, DRDA, Mandi supplemented by information obtained from the BDOs concerned revealed (April 2004) that the development works in the above watersheds were left incomplete by the above NGO in September 2001 after incurring an expenditure of Rs 37.94 lakh. Thereafter concerned BDOs of the area as Project Implementing Agencies (PIA) took up further execution of these works and spent Rs 35.49 lakh between October 2001 and March 2004. Though the project implementation period prescribed by the Government of India had expired in March 2003, the works remained incomplete as March 2004. Thus expenditure of Rs 73.43 lakh incurred on works in these areas had largely remained unfruitful as the works were not completed within the project period. The facts were confirmed (April 2004) by the PO, DRDA, Mandi.

Misutilisation of programme funds

3.6.21 According to the guidelines of Watershed Development Programme, some community benefiting entry point activities such as renovation of village level schools, *Panchayat* buildings, community house, common places, developing water sources/wells, bathing *ghats*, approach road to water tanks, village roads, village sanitation improvement works, etc., were permitted to be undertaken out of the grant available for community organisation. This was to ensure extensive involvement and organisation of self help groups/user groups before selection of watersheds. The construction of new buildings, religious activities and activities for individual benefits were, however, not permissible under the programme.

3.6.22 Test-check of records of eight BDOs of Chamba and Shimla districts revealed (December 2003 and April 2004) that 48 new buildings (Chetna bhawan: 45 and temples: 3) were constructed at a cost of Rs 46.79 lakh between 1997-98 and 2002-03 in contravention of the guidelines/instructions of the programme. Evidently, the programme funds were misutilised by the BDOs for activities not related to the programme. The concerned BDOs stated that the construction of above buildings was carried out on the directions of DRDA.

3.6.23 Replies are not acceptable as DRDAs were not competent to sanction construction of such buildings at their own level.

Non/less deduction of contribution towards watershed development fund

3.6.24 Under the programme it was mandatory that the farmers contributed towards watershed development fund at least at the rate of 10 *per cent* of cost of works done on individual lands and five *per cent* of the works on community lands and for works on all lands of Scheduled Castes/Scheduled Tribes (SC/ST)/persons identified below poverty line. Test-check (December 2003-April 2004) of records of 10 PIAs revealed that in respect of 29 watershed projects, of recoverable amount of Rs 20.21 lakh, only Rs 10.56 lakh were recovered, resulting in short realisation of Rs 9.65 lakh. The concerned PIAs stated (March-June 2004) that the beneficiaries had not contributed their due share in full despite repeated requests.

Failure of plantation

3.6.25 Scrutiny of records revealed (June 2004) that only 3,640 plants (23 *per cent*) survived after plantation in Theog block (Shimla district), out of 16,000 fuel and fodder plants planted during 2003-04 in an area of 26.5 hectares at a cost of Rs 0.86 lakh. Thus there was abnormal mortality of 12,360 (77 *per cent*) plants which indicated failure on the part of user community to maintain the plantation.

Conclusion

3.6.26 The above schemes/programmes were introduced by the Government with the objective of community development with the initiative and participation of the community itself. The programme implementing agencies were, thus, required to ensure close association of user groups for timely and successful implementation of such schemes/programmes to obtain the desired results. Failure to do so resulted in non-achievement of the desired results.

These points were referred to the Government in July 2004; their reply had not been received (September 2004).

CHAPTER-IV

AUDIT OF TRANSACTIONS

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CHAPTER-IV

AUDIT OF TRANSACTIONS

Infructuous/wasteful expenditure and overpayment

Education Department

4.1 Incorrect fixation of pay of Head Teachers-

Incorrect fixation of pay of Head Teachers resulted in overpayment of Rs 19.43 lakh.

Fundamental Rule (FR) 22 (1) (a) (2) provides that a Government servant on promotion to a new post not involving higher duties and responsibilities shall draw the stage of the promotional scale or if there is no such stage, the stage next above his pay in the old post held by him on regular basis. The position was clarified (July 2001) by the State Government that the benefit of FR 22 (1) (a) (1) was not admissible in cases where promotion was made from a post carrying a pay scale similar to the pay scale of the promotional post.

Test-check of the records of the thirteen Block Primary Education Officers (BPEOs)¹ revealed (May 2002-December 2003) that 69 Junior Basic Teachers (JBTs) drawing pay in the time scale of Rs 4550-7220 were promoted as Head Teachers in the identical time scale of Rs 4550-7220 and their pay on promotion was fixed by the respective BPEOs under the provisions of FR 22 (1) (a) (1) involving assumption of higher duties and responsibilities which was not correct. Thus, due to wrong fixation of pay, overpayment of Rs 19.43 lakh was made to the Head Teachers from March 1996 to November 2003.

On this being pointed out by audit, the Director Primary Education admitted the facts. However, the position of recovery had not been intimated by the department.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

¹ Arki: Rs 0.69 lakh; Koldia: Rs 0.99 lakh; Chhohara: Rs 1.5 lakh; Nagrota Bagwan: Rs 1.23 lakh; Shimla: Rs 1.97 lakh; Paonta Sahib: Rs 3.91 lakh; Nalagarh-I: Rs 1.37 lakh; Jagjit Nagar: Rs 1.92 lakh; Samhan: Rs 1.05 lakh; Chadhari: Rs 1.08 lakh; Ghumarwin-I: Rs 0.67 lakh; Indora: Rs 2.34 lakh and Nahan: Rs 0.71 lakh.

Avoidable/excess/unfruitful expenditure

Education Department (Himachal Pradesh University)

4.2 Unfruitful expenditure due to non-construction of ICDEOL study centre

Delay in construction of ICDEOL study centre resulted in unfruitful expenditure of Rs 1.59 crore.

To construct a study centre of International Centre of Distance Education and Open Learning (ICDEOL) at Delhi, a lease deed was executed (April 2000) between Himachal Pradesh University (HPU) and New Okhla Industrial Development Authority for purchase of 5000 square metre of land at the cost of Rs 2750 per square metre. Lease deed provided that the lessee would also have to pay the lessor, lease rent each year for the lease period of 90 years at the rate of 2.5 *per cent* per annum of the total premium of the plot from the date of execution of the lease deed. It also provided that the lessee would start the construction within six months from the date of possession and complete the building and put it in operation within five years, failing which levy of four *per cent* of the premium cost per annum would be charged on extension being allowed by the Chief Executive Officer (CEO) Noida.

Test-check of records (September-October 2003) of HPU revealed that it had incurred an expenditure of Rs 1.52 crore* between October 2000 and September 2001. In addition to this, Rs 6.87 lakh were also paid to the Authority on account of 2.5 *per cent* lease rent per annum of the total premium for the years 2002-2003. The possession of land was taken over by HPU in April 2001 but no construction work had been started (October 2003). As such the expenditure of Rs 1.59 crore (Rs 1.52 crore+ Rs 6.87 lakh) resulted in idle investment.

Director, ICDEOL stated (September 2003) that the matter was under process with the Authority. The reply is not acceptable as no record in its support was made available. As construction work had not commenced the expenditure of Rs 1.59 crore was rendered unfruitful.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

Food and Supplies Department

4.3 Unauthorised expenditure on construction of foodgrain godowns

Construction of godowns in violation of the instructions of the Government resulted in unauthorised expenditure of Rs 43 lakh.

The State Government transferred (March 2001) wheat trade from the Himachal Pradesh, Food and Supplies Department (HPFSD) to the Himachal Pradesh State Civil Supplies Corporation (Corporation) with effect from

* Premium/cost of land: Rs 137.50 lakh; purchase of stamps for Registration: Rs 13.75 lakh and maintenance: Rs 1.11 lakh.

April 2001. The instructions issued by the State Government, *inter alia* provided that 28 godowns which were under construction be transferred to the Corporation without any liability to State Government on an as is where is basis on token payment of Re one. Principal Secretary, Tribal Development Department (TDD) further instructed (July 2001) the Resident Commissioner (RC), TD, Pangri to discontinue the construction of godowns at Karyuni and Karyas out of Tribal Sub-Plan (TSP).

Test-check of accounts of the Director, HPFSD revealed (July 2002) that the RC, Pangri at Killar accorded sanctions out of TSP funds (September, December 2001 and March 2002) in favour of HPFSD, Pangri at Killar for construction of godowns at Karyuni and Karyas and an expenditure of Rs 43 lakh was incurred during 2001-2002 on construction of these godowns in violation of the instructions of the Government.

Principal Secretary, TD, stated (February 2004) that the construction of the godowns already in progress was continued so that these godowns could be transferred to needy departments located in Integrated Tribal Development Project (ITDP) Pangri. The reply of the Principal Secretary is not acceptable as these godowns were transferred to the Corporation in November 2003. Incurring of expenditure of Rs 43 lakh was thus in violation of the decision of the Government.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

General Administration and Health and Family Welfare Departments

4.4 Unauthorised expenditure of Rs 40.95 lakh on salaries

Expenditure of Rs 40.95 lakh was unauthorisedly incurred on salaries of the staff (i) deployed to the Himachal Institute of Public Administration Co-operative Mess Ltd. and (ii) rendered surplus due to transfer of catering services to the Himachal Tourism Development Corporation.

(a) Himachal Institute of Public Administration (HIPA), Shimla had three sanctioned posts of cooks to provide catering services to the trainees and the guest faculty of the institute. A Cooperative Society namely "The HIPA Co-operative Mess Ltd., Fairlawns, Shimla" had been formed in March 1993 and registered in December 1993 under the Himachal Pradesh Co-operative Societies, Act, 1968 to arrange for the supply of meals and light refreshment at no profit no loss basis to members, trainees, guest faculty members and HIPA staff.

It was noticed in audit (November 2003) that the society was utilising the services of three cooks from April 1993 onwards and Rs 22.64 lakh was paid to them as salary between April 1993 and October 2003 out of the regular budget of the department without sanction of the Government. Besides, payment on account of water and electricity provided in the mess had also been made by the Institute.

The Director, HIPA, stated (November 2003 and January 2004) that the services of the three cooks had been utilised in the society since April 1993 in the usual manner as it was functioning on no profit no loss basis and there was no income to appoint its own officials to work as cooks. He further stated that it was not possible to segregate the expenditure incurred on water and electricity charges. The reply of the Director is not tenable as Finance Department in their decision of November 1991 had made it clear that in the event of any alternative arrangement made for running the mess of the institute, the services of three cooks were to be transferred to other needy departments.

Alternatively, they could have been treated on foreign service with the society and their salaries paid out of the income of the society.

(b) Test-check (February-April 2004) of the records of various medical institutions revealed that in five hospitals, eight cooks¹ were rendered surplus due to transfer (September-November 2002) of catering services to the Himachal Pradesh Tourism Development Corporation in respect of Zonal Hospitals and providing of dietary services by the contractors in Community Health Centres between November 1991 and March 2004. These cooks were paid Rs 18.31 lakh as salary upto March 2004.

The CMOs/MOs In-charge of hospitals stated (February-April 2004) that the services of cooks were utilised against vacant Group "D" posts. Replies are not tenable as orders of Government for utilising services of the cooks as Group "D" were not produced to audit.

The matter was referred to the Government in February 2004; their reply had not been received (September 2004).

Health and Family Welfare Department

4.5 Avoidable extra expenditure on purchase of medicines

Avoidable extra expenditure on purchase of medicines resulted in loss of Rs 22.98 lakh to the Government.

Rule 15.2 (b) of HPFR Vol.-I provides that the purchases must be made in the most economical manner. When stores are purchased from the open market, the system of open competitive tender should, as far as possible, be adopted and the purchases should be made from the lowest tenderer unless there are any special reasons to the contrary which should be recorded in writing. The Government instructions of February 1991 also provided that the medicines should be purchased through the State Civil Supplies Corporation (Corporation). For this purpose, the Director Health Services etc., was required to place quarterly indents with the Corporation. The Chief Medical Officers (CMOs) could also make purchases of essential and life saving medicines and drugs from any other source after obtaining no objection certificate from the Corporation and Controller of Stores.

¹ ZH, Bilaspur: three; ZH, Kullu: two and CHCs, Banjar, Sandhole and Sarahan: one each.

Test-check (March 2003 and September 2003) of the records of the CMOs Chamba and Hamirpur revealed that medicines valued at Rs 42.17 lakh¹ were purchased by these offices from the open market during the period 1997-2003 without obtaining no objection certificate (NOC) from the Corporation and the Controller of Stores. Had the medicines been purchased through the Corporation as required, the actual cost could have been Rs 19.19 lakh only. Thus, the purchases of medicines at higher rates without obtaining no objection from the Corporation and Controller of Stores resulted in extra avoidable payment of Rs 22.98 lakh².

The CMOs stated (April 2003 and November 2003) that the medicines were purchased from the open market to meet day to day requirements as the medicines indented through the Corporation were not received in time. The plea is not tenable as the instructions of the Government for effecting purchases of medicines were not followed.

The matter was referred to the Government in February 2004; their reply had not been received (September 2004).

Revenue Department

4.6 Diversion of Calamity Relief Funds

Rupees 3.77 crore were irregularly diverted from calamity relief funds by three Deputy Commissioners for fresh/ongoing works, etc.

Instructions (May 1987) of the Government of India provided that calamity relief funds should not be utilised on fresh works. These funds should be utilised for old works damaged during calamity. The State Government also directed (January 1998) that whenever the Controlling Officers proposed to spend the funds on fresh works, the approval of the Government was necessary. The State Government further clarified (March 2002) that it was the obligatory duty of the field staff of the Revenue department to make quick spot inspections and assess losses and report the same to the higher authorities in accordance with the provisions of the Relief Manual.

Test-check (February 2003-October 2003) of the records of Deputy Commissioners (DCs) Kangra, Bilaspur and Hamirpur revealed that Rs 3.77 crore were diverted for execution of 770 works during 2001-03 out of calamity relief fund though these works were not related to natural calamity as damage reports therefor were not prepared and produced to audit. These works pertained to the construction of roads, paths, renovation of forest rest house, repair of garage, pooled accommodation, Sainik Rest House, electric wiring of residential and official buildings, etc., which in the absence of damage reports were not covered under relief works.

DC, Kangra stated (March 2003) that the funds under the calamity relief were spent in accordance with the guidelines contained in the sanction given by the

1 CMO Chamba: Rs 31.78 lakh; CMO Hamirpur: Rs 10.39 lakh.

2 CMO Chamba: Rs 16.57 lakh; CMO Hamirpur: Rs 6.41 lakh.

Commissioner (Revenue). DC, Bilaspur stated (October 2003) that the schemes had been sanctioned after ascertaining the gravity of the situation and necessity of the occasion. DC, Hamirpur stated (October 2003) that necessary certificates had been recorded by the concerned departments that these schemes required urgent repairs and were damaged due to heavy rains.

The contention is not tenable as damage reports had not been prepared and were not produced to audit.

Thus the DCs misutilised funds of Rs 3.77 crore meant for restoration of relief works affected by natural calamities.

The matter was referred to the Government in May 2004; their reply had not been received (September 2004).

Science, Technology and Environment Department

4.7 Avoidable payment due to dereliction of duty

Avoidable payment of Rs one crore had to be made due to dereliction of duty on the part of Council/State Government.

The State Council for Science, Technology and Environment (Council) came into being in 1985 and was registered as a society under Societies Registration, Act, 1860 in January 1986. One of the activities of the Council was to assist the State Government in protection of the ecology and Environment.

It was noticed in audit (October 2003) that in response to a Public Interest Litigation Petition filed in the Hon'ble Supreme Court of India (SC) regarding damage to the ecology by various business houses etc., by plastering advertisements on rocks, etc., in Kullu district, the Council issued a public notice (August 2002) through press to all the concerned through the Government to remove all advertisements and hoardings painted or other-wise, on the rocks, trees and hills within 15 days of the notice. Neither were detailed instructions issued for adopting the methods for removal of such advertisements, hoardings, etc., nor did the Council/Government take appropriate action to supervise these activities in time. The parties in default, started to remove their advertisements and hoardings in eco-unfriendly manner resulting in further damage to ecology. The SC took the matter seriously and ordered (September 2002) to stop the removal of any paint or damage, which had already been done and further ordered that it was the duty of the State Government to protect the environment and for the dereliction of its duty the Government was directed to deposit Rs one crore with the Central Empowered Committee to be utilised towards meeting the expenses for restoration of damaged ecology. The Supreme Court also ordered the eight business houses to pay fine of Rs one crore.

Pursuant to the orders of the SC, the Government ordered through public notice (September 2002) stop removing or concealing advertisements on the rocks or hoardings and also deposited (October 2002) Rs one crore with the Central Empowered Committee.

Due to negligence on the part of the Council/Government to check the damage to the ecology in time, the Government had to make avoidable payment of Rs one crore for which no responsibility has been fixed.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

Miscellaneous Departments

4.8 Unfruitful expenditure

Unauthorised expenditure of Rs 15.33 lakh was incurred on salaries of the employees posted in institutions/offices where they actually did not perform their duties.

Himachal Pradesh Government orders provided that pay of an employee should be drawn only from the station/institution where he is actually posted/working.

Test-check (October 2003 and November 2003) of the records of the Director, Primary Education and the Director, Animal Husbandry revealed that 13 officials on transfer between August 2001 and May 2003 to other institutions/offices obtained stay orders between January 2001 and July 2003 from the State Administrative Tribunal for their retention at the old places of posting. Their successors had also joined duty at these places resulting in deployment of two officials against one post in these institutions. The departments drew salaries between August 2001 and September 2003 amounting to Rs 15.33 lakh for the staff deployed in excess against the posts lying vacant in other institutions/offices.

The departments admitted the facts of surplus deployment of staff. Apparently the services of this staff in these institutions/offices remained unutilised and unauthorised expenditure of Rs 15.33 lakh was incurred on their salaries.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

Public Works Department

4.9 Unfruitful expenditure on construction of roads due to defective planning

Expenditure of Rs 1.05 crore incurred on construction of two roads in Kinnaur district remained unfruitful because of non-acquisition of private land.

To provide motorable facilities to two main hamlets¹ of village Moorang (Kinnaur district), construction of 6.5 kilometres long motorable road was administratively approved (October 1988) for Rs 22.74 lakh. The work was taken up in March 1989 and completed upto a length of 5.015 kilometres in different reaches (completed length: 4.57 kilometres) after incurring an expenditure of Rs 81.57 lakh as of June 1999. Thereafter construction work was stopped due to involvement of private land.

Test-check of the records of Kalpa division revealed (August 2003) that instead of initiating cases for acquisition of private land to facilitate completion of the road, the Executive Engineer (EE) obtained another approval (May 1997) for Rs 39 lakh for construction of 3.5 kilometres long road from another site and on a different alignment to link the same hamlets. The work, stipulated to be completed in one year, was taken up for execution in March 1998 and completed upto a length of 1.400 kilometres in patches after incurring expenditure of Rs 23.78 lakh as of March 2003. The work on this alignment had also to be stopped due to involvement of private land. Papers for acquisition of private land had, however, not been processed by the division and execution work of this road was also lying in suspended state since March 2003.

The EE, while admitting the facts stated (August 2003) that approval of the competent authority was obtained for the construction of 3.5 kilometres long road because work on the original alignment of 6.5 kilometres long road had to be stopped in June 1999 due to involvement of private land. He also stated that the local people were being persuaded to provide land for the construction of this road. The contention of the EE is not tenable as cases for acquisition of land should have been completed before the construction of initial stretch of road on which expenditure of Rs 81.57 lakh had already been incurred.

Thus, due to faulty planning and failure of the department to decide the final alignment of the road before execution of work and non-acquisition of private land as provided in the estimates, total expenditure of Rs 1.05 crore incurred on construction of the two roads remained unfruitful. The intended objective of providing road facility to the people of the area for transportation of produce to the market could also not be achieved.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

¹ Thowaring and Graming.

4.10 Unfruitful expenditure on construction of a road due to non-construction of bridge

Rupees 21.44 lakh spent on the construction of a road in Kinnaur district remained unfruitful because of non-construction of a bridge.

To provide communication link to village Batseri of Sangla tehsil (Kinnaur district) located across river Baspa, construction of a motorable road including providing crossdrainage and soling from kilometre 0/0 to 2/680 was administratively approved (January 1987) for Rs 8.95 lakh. The road, stipulated to be completed in three years, was taken up for execution in March 1987 and completed in September 2000 including soling upto a length of 2.370 kilometres after incurring an expenditure of Rs 21.44 lakh. An amount of Rs 0.77 lakh was further spent on restoration work between 2002-2003 and 2003-2004 (upto July 2003).

Test-check of records of Karchham division revealed (September 2003) that even though the road was constructed upto a length of 2/370 kilometres, motorable link to the village could not be provided due to non-construction of a motorable bridge over Baspa river at kilometre 2.360 of the road. Audit scrutiny revealed that provision for construction of bridge had not been made in the estimate of the road sanctioned by the Engineer-in-Chief. The construction of the 45.0 metres span pre-stressed steel truss bridge (Chispan Bridge) at km 2.360 was later approved by the Deputy Commissioner (DC), Kinnaur for Rs 51.76 lakh (June 1999). However, the department failed to finalise the hydraulic data/evolve drawings even after a period of four years. It was only after inspection of the site by the Chief Engineer (South) Shimla in May 2003 that 55 metres bridge was proposed to be constructed and the drawing of the bridge approved by the Chief Engineer (August 2003). The Superintending Engineer, Rampur intimated (June 2004) that order for supply of bailey bridge was placed on a Calcutta based firm in January 2004 and the work relating to construction of abutments was in progress.

Thus because of failure of the department to make provision for the construction of the bridge in the original estimate of the road and also inordinate delay in finalisation of hydraulic data/evolving of drawings, motorable link to village Batseri could not be provided. The expenditure of Rs 21.44 lakh incurred on the construction of the road had thus remained unfruitful since September 2000. Further an amount of Rs 0.77 lakh was spent on restoration of the road.

The matter was referred to the Government in March 2004, their reply had not been received (September 2004).

4.11 Unfruitful expenditure owing to unplanned execution of work

Delay in completion of swimming pool at Una and failure to include essential components in the estimate resulted in unfruitful expenditure of Rs 62.10 lakh.

Administrative approval and expenditure sanction (A/A&E/S) for the construction of a swimming pool including a building in the district stadium at Una was accorded (December 1994) for Rs 51.53 lakh. The work, stipulated to be completed in one year, was taken up for execution by Una division in June 1996 and had been completed by September 2001 (except tile work in the pool and finishing work of the building). No work was executed thereafter. Expenditure of Rs 62.10 lakh had been incurred on the work.

Test-check of the records of the division revealed (December 2003) that there was no provision for essential items such as boring of tube well, pump house, pumping machinery, filtration plant, supply of power, etc., in the preliminary estimate of the work. A revised estimate for Rs 119.72 lakh was, therefore, sent (March 2001) to the Director Youth Services and Sports, Shimla for according revised A/A&E/S which had not been received as of May 2004.

Preparation of unrealistic estimate in the first instance and delay in approval of the revised estimate resulted in non-completion of the work. The expenditure of Rs 62.10 lakh incurred on the work had thus remained unfruitful.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

4.12 Unfruitful expenditure on construction of buildings

Four building works remained incomplete in three divisions resulting in unfruitful expenditure of Rs 98.57 lakh on them.

In three divisions, four building works as detailed in Appendix-XXX, were administratively approved between April 1989 and December 1998 for Rs 96.31 lakh. Stipulated to be completed between one year and two years, these works were taken up for execution between August 1989 and May 2001 in anticipation of technical sanction. It was noticed in audit that these works were held up from various dates between January 2000 and January 2003 after incurring expenditure of Rs 98.57 lakh on their part execution.

The concerned Executive Engineers attributed the stoppage of works to non-receipt of requisite funds from the concerned departments for execution of the balance work. In Dharamsala division, the contractor to whom work of construction of four barracks had been awarded for execution in August 1989, left the work of one barrack in July 1994 on which an expenditure of Rs 35 lakh had been incurred. The shutters to doors and windows of the barracks were provided departmentally in 1999-2000 after which the remaining finishing work estimated to cost Rs five lakh only had not been executed. Failure to arrange adequate funds by the departments was indicative

of ill planning and resulted in unfruitful expenditure of Rs 98.57 lakh on the incomplete building works.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

4.13 Unfruitful expenditure on incomplete roads and bridges

Expenditure of Rs 1.37 crore incurred on six road and four bridge works by five divisions remained unfruitful as the works were held up because of various reasons.

(a) Forest Conservation Act, 1980 prohibits use of forest land for non-forestry purposes without prior approval of Government of India. Government of India had also clarified in March 1982 that diversion of forest land for non-forestry activities in anticipation of the approval was not permissible and that request for *ex-post-facto* approval would not be entertained.

Contrary to these provisions, six road works as detailed in **Appendix-XXXI**, were taken up for execution in four divisions, between 1980 and 1997 (date of commencement of work in one case not known) without obtaining prior approval of Government of India for the use of forest land falling at various points along the alignment of these roads. The road works, on which expenditure of Rs 1.02 crore had been incurred were lying incomplete for want of permission of Government of India. The road works had been lying incomplete for periods ranging between one year and seventeen years and cases for getting the approval of Government of India were still under process. Failure of the department to obtain approval of Government of India before taking up the construction of these roads thus resulted in unfruitful expenditure of Rs 1.02 crore on their part construction.

(b) In Sundernagar Division, four bridge works, as detailed in **Appendix-XXXII**, were administratively approved (July 1987 to September 1998) for Rs 59.06 lakh. These works, stipulated to be completed between one year and seven years, were taken up for execution between April 1997 and September 1999. The works were, however, held up since different dates between March 1998 and June 2002 after incurring expenditure of Rs 34.92 lakh.

The Executive Engineer attributed (September 2003) the stoppage of works to paucity of funds (three cases) and delay in approval of drawings and re-award of work (one case). Thus, faulty planning, failure to complete necessary formalities and ensuring availability of requisite funds for the works had rendered the expenditure of Rs 1.37 crore incurred on six road and four bridge works unfruitful.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

4.14 Unfruitful expenditure on construction of a steel truss bridge over Patal *khad* and avoidable liability

Expenditure of Rs 39.95 lakh incurred on various components of a bridge on Patal *khad* in Chopal was rendered unfruitful owing to deviation from approved design besides creation of an avoidable liability of Rs 13 lakh.

Construction of 30.48 metres span steel truss bridge over Patal *khad* on Pulbahal Sarain road (Shimla district) was administratively approved (October 1993) for Rs 15.41 lakh. The scope of work comprised construction of sub-structure and fabrication and launching of super-structure of the bridge. The work relating to sub-structure was taken up for construction by Chopal Division in September 1997 and completed during 2000-2001 at a cost of Rs 17.86 lakh with top width of the abutments as 5.10 metres. Fabrication and launching work of the super-structure of the bridge was to be done by Mechanical Division, Dhalli (Shimla) according to the drawing approved by the Chief Engineer (North).

Test-check of the records of Mechanical Division, Dhalli (November 2001) and subsequent information collected from Chopal division in March 2004 revealed that job order was placed by Chopal Division in March 1998 for fabrication of super-structure of the bridge. The job was completed in June 2000 at a cost of Rs 22.09 lakh with top width 5.550 metres of the bridge. This also included an amount of Rs 1.24 lakh spent on carriage of fabricated super-structure to the site of work for launching between January and June 2000. The fabricated super-structure could, however, not be launched due to variation in widths of the sub-structure and the super-structure. This happened because of supply of different drawing by Chopal Division to the Mechanical division than that required. This necessitated change in design from steel truss bridge to deck type bridge and also raising the level of the road by 4.60 metres involving approximate extra expenditure of Rs 13 lakh. The EE, Chopal division stated (March 2004) that the drawing for 30.48 metres span steel truss bridge had been issued to the Superintending Engineer Mechanical Circle, Dhalli by the SE, Second Circle, Shimla in February 1994 but the mechanical Division did not inspect the site before undertaking the manufacturing job. The plea is not tenable because the variation in width of sub-structure and super-structure occurred because of supply of incorrect drawing by Chopal Division. Part of the fabricated super-structure of the bridge costing Rs 12 lakh (approximately) was transferred (October-November 2003) to Nirmand Division for use on Kurpan *khad* and the remaining material of the bridge valuing approximately Rs 11 lakh was lying at Patal *khad* as of February 2004. The sub-structure of the bridge on Kurpan *khad* was stated (February 2004) to be under construction. Job order for fabrication of deck type truss bridge had also been placed (August 2003) by Chopal division with Mechanical division, Shimla.

Failure of Chopal Division to supply the correct drawing for fabrication of super-structure of the bridge, thus resulted in unfruitful expenditure, of Rs 39.95 lakh on construction of sub-structure, fabrication of super-structure,

carriage of fabricated structure from one site to another besides creation of approximate avoidable liability of Rs 13 lakh.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

4.15 Unfruitful expenditure on construction of road owing to faulty planning

Faulty planning in the construction of Leedang Demul motorable road in Spiti Valley resulted in unfruitful expenditure of Rs 1.46 crore.

Construction of 16 kms long and 5/7 metres wide motorable road from Leedang to Demul (Spiti Valley) was administratively approved between November 1980 and July 1994 for Rs 72.61 lakh. The road, stipulated to be completed between three and five working seasons, was taken up for construction during June 1981 without obtaining technical sanction. Formation work in the total length of 16 kms was completed during September 1996 at a cost of Rs 84 lakh. In addition, expenditure of Rs 51.16 lakh was incurred on crossdrainage works and improvement of the road during 1999-2003. Rupees 11 lakh were also spent on repairs and maintenance of the road during 1996-2002.

Test-check of the records of Kaza division revealed (August 2003) that the road could not be opened for vehicular traffic due to steep grades and narrow width at certain reaches. Consequently, expenditure of Rs 146.16 lakh incurred on the construction, improvement and maintenance of the road had remained unfruitful so far. This also includes Rs 10.27 lakh spent on the construction of 1.505 kms long road proposed to be abandoned.

To make the road motorable, an estimate of Rs 78.99 lakh was approved during 2002-2003 which contained a provision of Rs 32.45 lakh for the construction of 2.030 kilometers additional road due to change in alignment. However, work against this estimate had not been taken up as of April 2004 as no funds were allotted. Had the alignment been finalised after proper survey and taking into account the permissible gradient in the first instance, further expenditure of Rs 32.45 lakh, now proposed to be incurred, could have been avoided.

The Executive Engineer stated (August 2003) that the work of re-grading/improvement of narrow reaches by changing alignment was necessary before opening the road for heavy vehicular traffic.

It would thus appear that the road had not been constructed after thorough investigation in the first instance. Failure to do so resulted in denial of intended benefits to the beneficiaries.

The matter was referred to the Government in May 2004; their reply had not been received (September 2004).

4.16 Unfruitful expenditure on Marhi-Sandhole road

Expenditure of Rs 36.28 lakh incurred by Dharampur division on construction of Marhi-Sandhole road remained unfruitful.

Construction of motorable road from Marhi to Sandhole via Bhoor Chandgala kilometre 0/0 to 17/400 (Mandi district) was approved (July 1999) for Rs 2.14 crore. The work, scheduled for completion in three years, was taken up for execution by Dharampur division in August 1999 without obtaining technical sanction. Formation work in a length of 2.720 kilometres, soling work in one kilometer portion and one culvert had been completed as of January 2001 at a cost of Rs 36.28 lakh.

Test-check of records of the division revealed (November 2003) that instead of inviting open tenders to get the benefit of competitive rates, the work in 24 cases was awarded to four contractors at a cost of Rs 41.77 lakh through local inquiries by splitting up the works without sanction. Against this, work valuing Rs 34.21 lakh had been executed by them. It was noticed in audit that two contractors, to whom widening work of 1.720 kilometres long road was entrusted, did not follow the approved alignment upto a length of 1.315 kilometres (between kilometres 0.405 and 1.720). The road work for which payment of Rs 15.71 lakh was made to them, had steep gradients and was not fit for vehicular traffic. Further, expenditure of Rs 1.91 lakh was incurred on laying of soling and construction of a culvert on the unapproved alignment. The work was suspended in February 2000. Neither had alternative alignment been finalised nor the work resumed so far.

The Executive Engineer while admitting the facts stated (November 2003) that the matter regarding deviation from the approved alignment was under investigation at higher level.

Taking into account the fact that the road constructed in the initial reach (km 0/405 to 1/720) was unfit for vehicular traffic, entire expenditure of Rs 36.28 lakh incurred on the construction of the road has remained unfruitful so far.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

4.17 Injudicious rescission of contracts resulting in extra avoidable expenditure

Injudicious rescission of contracts in Shillai division resulted in extra avoidable expenditure of Rs 23.32 lakh and undue financial favour of Rs 6.09 lakh to the contractors.

Test-check of records of Shillai division revealed (May 2003) that five road works of original nature were split up without obtaining sanction of the

Darbal Nainidhar Hallan road, Balance work on LPRR road, Chandni Katiwar road, Chandni Kudard and Shillai Pashniwali Koti road.

competent authority. These works were entrusted by the Executive Engineer between 1996-97 and 2001-02 to 15 contractors through 27 contracts for Rs 21.52 lakh. All these works were stipulated to be completed within periods ranging between one month and six months. The contracts were rescinded (between September 1996-March 2002) before the expiry of the stipulated period of completion because of non-commencement of works by the contractors. Scrutiny of records further revealed that the contractors had neither been given any opportunity for completion of the works nor served with notices before rescission of contracts. Action against the contractors for non-commencement of works was also not taken. Subsequently, all these works were re-awarded (November 1996-April 2002) to 20 contractors through 27 agreements at an estimated cost of Rs 43.90 lakh and thus involved estimated extra expenditure of Rs 22.38 lakh. Actual extra expenditure on the basis of work done, however, amounted to Rs 23.32 lakh. It was also noticed that in nine cases same works were re-awarded to the same contractors within two months of rescission of contracts and involved extra expenditure of Rs 6.09 lakh on the basis of work actually done. Further, three works awarded on 8 October 1997 at an estimated cost of Rs 11.64 lakh were rescinded on 25 October 1997 i.e. after two days of expiry of the stipulated period allowed for starting the work, on the plea that the works were of urgent nature. These works were re-awarded (two works after four months and one work after 25 months) at an estimated cost of Rs 22.56 lakh. Of these, one work was still incomplete involving time overrun of 48 months.

It would thus be seen that the contracts were rescinded injudiciously without weighing the consequences of such rescission. Action of the department thus resulted in extra avoidable expenditure of Rs 23.32 lakh and undue favour of Rs 6.09 lakh to the contractors.

The Executive Engineer while admitting the facts stated (May 2003) that proper notices could not be served upon the contractors before rescission of contracts in view of the urgency of works. The reply is not tenable as no urgency was involved in these cases as discussed in the foregoing paragraphs and the whole exercise was undertaken to give undue financial favour to the contractors besides putting the Government to loss.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

Irrigation and Public Health Department

4.18 Unfruitful expenditure on Lift Irrigation Schemes

Negligible irrigation was provided by two lift irrigation schemes to the culturable command area in Kangra district resulting in unfruitful expenditure of Rs 97.02 lakh.

To provide irrigation facilities to culturable command area (CCA) of 46 hectares, construction of Lift Irrigation Scheme (LIS), Pirh (Kangra

district) was administratively approved (March 1997) for Rs 29.02 lakh. The scheme, taken up for execution by Palampur division in March 1997, without obtaining technical sanction, was commissioned in May 1999 at a cost of Rs 37.62 lakh. Expenditure of Rs 4.06 lakh had also been incurred on repairs and maintenance of the scheme during 1999-2000 to September 2003.

Scrutiny of the records of the division revealed (October 2003) that no irrigation had been provided to the CCA ever since the commissioning of the scheme. Though no specific reasons for non-utilisation of irrigation potential were on record, it was noticed in audit that the work of providing distribution system which included construction of *pucca/katcha* field channels awarded to two contractors during January 1999 and July 1999 for Rs 3.19 lakh, had to be suspended (February and July 1999) after executing work valuing Rs 1.07 lakh only as the land owners did not allow construction of the channels in their fields.

Similarly, to irrigate 44.65 hectares of land, LIS, Maila (Kangra district), administratively approved (July 1997) for Rs 37.99 lakh, was commissioned in May 1999 at a cost of Rs 45.52 lakh without obtaining technical sanction. Rupees 4.89 lakh had also been spent on its repairs and maintenance during 2000-2001 to October 2003. It was noticed in audit that under this scheme also, no irrigation was provided during 1999-2000 to 2001-2002. However, only four hectares area had been irrigated during 2002-2003. In this case too, the work of providing distribution system awarded (February 1999) to a contractor for Rs 5.50 lakh had been suspended (February 2000) after executing work valuing Rs 3.86 lakh due to land dispute.

Scrutiny of records also revealed that no provision had been made in the approved estimates of the above schemes for providing extension services to educate the farmers for optimum utilisation of the created irrigation potential.

While confirming the facts, the Executive Engineer (EE) stated (October 2003) that efforts were being made to resolve the dispute amicably and motivate the land owners to allow construction in their fields. It was further stated that irrigation was being provided under LIS, Pirh in two *chaks* (CCA: 14 hectares) out of eight *chaks* (CCA: 32 hectares). The contention of the EE is not tenable because as per information supplied by the EE to the Superintending Engineer (SE) in October 2003, while no area was irrigated under LIS, Pirh negligible irrigation was provided under the other scheme.

Thus, due to failure of the department to motivate the farmers for allowing construction of distribution system and non-providing of extension services to educate the farmers for optimum utilisation of the created irrigation potential, the expenditure of Rs 97.02 lakh incurred on the construction and maintenance of these schemes had remained largely unfruitful.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

4.19 Unfruitful expenditure on Flow Irrigation Scheme, Hudan Bhatori

Expenditure of Rs 66.39 lakh incurred on construction, improvement and maintenance of Flow Irrigation Scheme, Hudan Bhatori in Pangi tehsil remained largely unfruitful as only five *per cent* of the envisaged CCA was provided irrigation.

To provide irrigation to culturable command area (CCA) of 1,023 hectares, Flow Irrigation Scheme (FIS) Hudan Bhatori in Tehsil Pangi (Chamba district) was administratively approved (September 1989) for Rs 5.39 lakh. The sources of the scheme were Seri *Nallah* and Bhatori *Nallah*. It was envisaged in the estimate that only 51.82 hectares of land was being cultivated by the farmers but by providing irrigation facility, whole of the CCA would be brought under command. The length of the FIS was 5,350 metres. The scheme was taken up for execution in March 1988 in anticipation of A/A and E/S and commissioned during 1991-92 at a cost of Rs 31.22 lakh. Further, expenditure of Rs 6.33 lakh had also been incurred during 1993-2003 on its maintenance and repairs.

Test-check of the records of Killar division revealed (August 2003) that since there was seepage of water in the *kuhl*, the Resident Commissioner, Pangi approved (July 1998) cement concrete (CC) lining in a length of 3,190 metres (RD* 2,160 to 5,350) at an estimated cost of Rs 23.68 lakh. The CC lining in this portion was provided during July 1999-March 2001 after incurring expenditure of Rs 28.84 lakh. The work of providing CC lining in a length of 2,160 metres (RD 0/0 to 2,160) was, however, not included in the estimates on the plea that there were glaciers and also big boulders were existing in the line of the *kuhl*. It was also stated that the *kuhl* was started from RD 2,160 because sufficient discharge of water was available in Hudan *Nallah*. However, as the said source started drying up, the work of providing CC lining from RD 0/0 to 2,160 to the *kuhl* was awarded to a contractor in November 2002 for Rs 58.96 lakh, without obtaining administrative approval and expenditure sanction. The work was in progress and payment for work done had not been made to the contractor as of March 2004.

It was further noticed that irrigation was being provided to CCA of 51.82 hectares area (about five *per cent* of total CCA) since commissioning of the scheme in 1991-92 and the remaining CCA of 971.26 hectares had not been provided irrigation facilities.

The Executive Engineer (EE) stated (August 2003) that 1023 hectares CCA was proposed due to the fact that the whole of the area was fertile and the scheme was conceived keeping in view future requirement of irrigation by the beneficiaries to avoid its augmentation at a later stage.

There was no increase in the cultivated area during the last 14 years despite

* RD: Reduced distance.

huge investment on construction and improvement of the scheme. The expenditure of Rs 66.39 lakh had thus remained largely unfruitful.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

4.28 Defective planning resulting in unfruitful expenditure on heldup works

Expenditure of Rs 1.76 crore incurred on five water supply schemes, two irrigation schemes and four building works remained unfruitful as the works could not be completed due to various reasons.

Test-check of records of various divisions revealed (June 2003-March 2004) the following cases of works held up after part execution:

(a) In four divisions¹, five water supply schemes as detailed in Appendix-XXXIII, were administratively approved between November 1997 and August 2001 for Rs 2.96 crore to provide drinking water facility to 16,214 persons and 3,798 students of rural areas. Designed for a period of 15 years, the schemes were stipulated to be completed between two and four years. In one case² period of completion of the scheme was not mentioned in the approved estimate. These schemes were taken up for construction between June 1998 and September 2001 and expenditure of Rs 1.24 crore had been incurred on them. Further execution of the schemes was stopped between January 2000 and March 2002 due to various reasons such as disputes over sources of water (two schemes), disputes over private land required for construction of their components (two schemes) and paucity of funds (one scheme).

(b) In two divisions³, two irrigation schemes as detailed in Appendix-XXXIV, were administratively approved during March 1996 and March 1998 for Rs 25.71 lakh to provide irrigation facility to culturable command area (CCA) of 51.01 hectares. The schemes were taken up for execution in April 1996 and August 2002 in anticipation of technical sanction and expenditure of Rs 19.11 lakh was incurred on their part execution upto March 2003 and April 2003. Further construction of these schemes was held up due to dispute over private land required for construction of main channel in one case⁴ and non-obtaining of sanction of Government of India for utilisation of forest land coming in the alignment of main channel in another⁵.

(c) In other two divisions⁶, four building works as detailed in Appendix-XXXV, administratively approved during February 1999 and November 1999 for Rs 2.37 crore were taken up for execution between

1 Baggi, Barsar, Dalhousie and Jawali.

2 Water Supply Scheme for Kakira (Dalhousie division).

3 Mandi and Padhar.

4 Construction of Flow Irrigation Scheme Salari Nona (Mandi division).

5 Construction of Flow Irrigation Scheme to Malwara (Padhar division).

6 Shimla-I: one work and Shimla-II: three works.

April 1999 and October 2000. These works were held up from various dates between June 2001 and March 2003 due to non-obtaining of approval of Town and Country Planning Department (one case), paucity of funds (two cases) and non-supplying of drawings and design by the higher departmental offices (one case) after spending Rs 33.09 lakh on their part construction.

The facts were admitted by the concerned Executive Engineers. Thus, faulty planning and failure of the department to take timely action to complete the formalities and to acquire the land before starting the works had rendered the expenditure of Rs 1.76 crore incurred on these works unfruitful and resulted in denial of intended benefits to the beneficiaries.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

4.21 Flow Irrigation Scheme, Kailu Raina

Non-completion of Flow Irrigation Scheme, Kailu Raina in Chamba district resulted in expenditure of Rs 33.08 lakh on construction and maintenance remaining largely unfruitful.

Designed to irrigate 28.34 hectares of land (revised to 33.38 hectares), administrative approval and expenditure sanction was accorded (June 1986) for the construction of 8,600 metres long Flow Irrigation Scheme Kailu-Raina (Chamba district) at an estimated cost of Rs 3.58 lakh. The scheme, stipulated to be completed within two years, was taken up for execution during 1986-87 in anticipation of technical sanction and expenditure of Rs 32.12 lakh incurred on it upto 1998-99. Expenditure of Rs 0.96 lakh was also incurred on running and maintenance of the scheme upto September 2000. Revised estimate to regularise the excess expenditure over the sanctioned amount had not been sanctioned as of February 2004.

Test-check of records of Dalhousie division conducted in October 2000 and information furnished by the Divisional Officer in December 2003 revealed that out of total length of 8,600 metres, the main-channel had been constructed in a length of 8,160 metres (RD 0/0 to 6670 and 7110 to 8600). The construction work in the remaining 440 metres portion (RD 6670 to 7110) was suspended in November 1999 due to a dispute over the private land falling in the alignment of the channel. The case for acquisition of private land initiated in November 1999 was still under process and the work had not been resumed as of December 2003. No irrigation was thus possible in 18.72 hectares (56 per cent of the total culturable command area (CCA)) which was located beyond RD 6670 of the main channel. Evidently, the scheme was still incomplete even after a lapse of 17 years.

The Executive Engineer stated (December 2003) that the concerned Land Acquisition Officer was being reminded repeatedly to expedite the land acquisition process. However, no attempt had been made to take up the matter with the higher authorities.

Failure of the department to initiate timely action to acquire the private land and not taking effective steps to resolve the dispute had resulted in abnormal delay in completion of the scheme and denial of irrigation facilities to 56 *per cent* area of the total CCA. Expenditure of Rs 33.08 lakh on construction and maintenance of the scheme had thus remained largely unfruitful.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

4.22 Underutilisation of irrigation potential

Irrigation potential of nine irrigation schemes constructed and maintained at a cost of Rs 2.93 crore was grossly underutilised.

(a) Test-check of records of seven divisions¹ revealed (July 2003-January 2004) that irrigation potential of eight irrigation schemes commissioned between 1981 and 2001 at a cost of Rs 2.35 crore and designed to irrigate 763.10 hectares of land per crop was grossly underutilised. Rupees 43.88 lakh had been spent during 1998-2003 on the running and maintenance of these schemes. Utilisation of irrigation potential created in these schemes ranged between 1.73 and 11.76 *per cent* per crop between 1998-99 and 2002-03 as shown below:

Table: 4.1

(In hectares)

Year	Number of schemes	Crop	Potential created	Potential utilised	Percentage of utilisation
1998-99	6	Kharif	538.38	9.30	1.73
		Rabi	538.38	12.95	2.41
1999-2000	6	Kharif	538.38	33.28	6.18
		Rabi	538.38	51.01	9.47
2000-2001	7	Kharif	709.23	48.47	6.83
		Rabi	709.23	83.43	11.76
2001-02	8	Kharif	741.10	44.81	6.05
		Rabi	741.10	24.87	3.36
2002-03	8	Kharif	741.10	30.16	4.07
		Rabi	741.10	54.13	7.30

Underutilisation of irrigation potential of the schemes was attributed (July 2003-January 2004) by the Executive Engineers concerned mainly to non-construction of field channels, unwillingness of farmers to adopt improved cropping pattern, unsuitable grade of the main channel and difficult

¹ Anni, Barsar, Chamba, Kullu-II, Mandi, Reckong Peo and Thural.

topographical condition of the area. Taking up the execution of these schemes without ascertaining the demand for water, suitability of the strata for construction of the schemes, inaction of the department to execute *chak* area development works involving construction of field channels and failure to educate the farmers for making optimum use of available irrigation facility, thus resulted in underutilisation of the schemes. Consequently, the expenditure of Rs 2.80 crore incurred on construction and maintenance of these schemes had largely remained unfruitful.

(b) In Kullu-I division, construction of irrigation scheme, Bench *kuhl* (Kullu district) was approved (February 1977) for Rs 1.19 lakh to provide irrigation to culturable command area (CCA) of 89 hectares of land. Irrigation potential of 20.68 hectares was created under the scheme between 1984-85 and 1986-87 at a cost of Rs 4.60 lakh. The head works of the scheme were, however, washed away and main channel got damaged in a length of 263 metres out of total length of 3,300 metres in 1987-88 which was not restored. Expenditure of Rs 8.94 lakh was incurred on running and maintenance and part restoration of the scheme between 1983-2003. No irrigation was however, provided from the scheme from 1984-85 to December 2003.

The Executive Engineer stated (December 2003) that remodelling work of scheme was required to be executed to make it functional. Thus, the inordinate delay of over 15 years in restoration of the scheme had rendered expenditure of Rs 13.54 lakh incurred on the construction and maintenance of the scheme as unfruitful.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

Idle investment/idle establishment/blockage of funds

Public Works Department

4.23 Idle investment owing to inadequate survey and investigation

Expenditure of Rs 59.15 lakh on the construction of a road in Chamba district without carrying out detailed survey and investigation remained idle as the road was not constructed upto full motorable width.

Construction of 13 kilometres long (kilometres 0/0 to 13/0) and 5/7 metres wide Tissa Shawa motorable road (Chamba district) was administratively approved (September 1980) for Rs 18.85 lakh. The work was stipulated for completion in four years. As per sanctioned estimate of the work, four feet wide track had already been constructed upto 13 kilometres at a cost of Rs 0.90 lakh. For the construction of the road, the most economical alignment where cultivated lands/orchards were not involved was to be adopted after thorough investigation. Further, fresh detailed estimate based on proper plans was to be framed before taking up the work in hand. The work was taken up for execution by Chamba division in May 1996 without obtaining technical

sanction and 7.160 kilometres road had been constructed upto December 2002 at a cost of Rs 59.15 lakh.

Test-check of records of the division conducted in December 2003 and further information collected in May 2004 revealed that the road had not been constructed upto motorable standards in various reaches. Out of 7.160 kilometres, 5.390 kilometres road was constructed in part-width ranging from 3.5 to 5 metres against the required width of 5/7 metres. As such the constructed portion of the road could not be declared fit and opened for vehicular traffic. It was also noticed that the road could not be constructed upto the required width mainly due to existence of private houses, orchards and slushy portion on the alignment of the road. For achieving full motorable width of the road from km 0/0 to 9/500, three estimates of Rs 1.65 crore for formation cutting, retaining walls, breast walls, crossdrainage works, soling and parapets, etc., were approved (January 2003 and March 2004) but work against these estimates had not been taken up as of May 2004.

The Executive Engineer (EE) while confirming the facts stated (December 2003) that the alignment of the original track was finalised after proper investigation by the competent authority. At that time there were neither any orchards nor permanent structures. After the sanction of the road to motorable standards, the same alignment was adopted for the construction of the road. It was further stated by the EE that the road would be made motorable after construction of retaining and breastwalls and carrying out necessary protection works. The contention of the EE is not tenable because detailed estimate based on proper survey and investigations had not been prepared/got sanctioned before finalisation of the alignment and taking up the execution of the road as envisaged in the approved estimate for the construction of motorable road.

Thus, failure of the department to conduct detailed survey and investigation before commencement of the motorable work, resulted in idle investment of Rs 59.15 lakh.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

Irrigation and Public Health Department

4.24 Idle investment due to non-utilisation of irrigation potential

Investment of Rs 1.12 crore on construction and maintenance of three flow irrigation schemes in Spiti Valley remained idle because of non-utilisation of the created irrigation potential.

To provide irrigation facilities to culturable command area (CCA) of 174 hectares (Social forestry: 60 hectares; cultivation: 44 hectares and both for social forestry and cultivation: 70 hectares) of three villages in Spiti Valley (Lahaul and Spiti district), three Flow Irrigation Schemes were approved between October 1990 and June 1993 for Rs 73.42 lakh. These schemes were commissioned during 1993-95 at a cost of Rs 91.29 lakh without obtaining

technical sanction. An expenditure of Rs 20.50 lakh had also been incurred on running, maintenance and restoration of damages of these schemes during / 1995-2003.

Test-check (August-September 2003) of the records of Kaza division, supplemented by information furnished (July 2004) by the Executive Engineer and Divisional Forest Officer (DFO), Kaza revealed that the total CCA of these schemes was 194 hectares of which 130 hectares was proposed to be covered under social forestry and 64 hectares was meant for cultivation. The DFO, Kaza intimated (July 2004) that only 60 hectares area was irrigated under social forestry during 1995-96 and no irrigation could be provided thereafter as the schemes got damaged and had not been maintained by the IPH Department. Further, no irrigation was provided by these schemes to the agricultural land ever since their commissioning because either the beneficiaries did not develop the land or had not started cultivation on the developed land. It was also noticed that no provision had been made in the approved estimates of the schemes for providing extension services to educate the farmers for making optimum use of the created irrigation potential.

The Executive Engineer stated (August 2003 and July 2004) that the farmers were being motivated for early development of their lands. There was however, nothing on record to indicate if any effective steps were taken by the department for allotment as well as development of land. Moreover, the schemes became non-functional soon after their commissioning. The expenditure of Rs 1.12 crore incurred on these schemes had thus not served the intended purpose.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

4.25 Idle investment on a lift irrigation scheme owing to defective designing

Insignificant irrigation was provided by Lift Irrigation Scheme, Gathutar in Kangra district to the culturable command area due to defective designing resulting in idle investment of Rs 1.17 crore.

Mention was made in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 (Civil) – Government of Himachal Pradesh vide Paragraph 4.1.7.1 regarding utilisation of irrigation potential of 420 minor irrigation schemes. These schemes included Lift Irrigation Scheme (LIS) Gathutar (Kangra district). The para had not been discussed by the Public Accounts Committee as of March 2004.

Further scrutiny of records relating to the scheme revealed (February 2004) the following:

To provide irrigation to culturable command area (CCA) of 115 hectares, LIS, Gathutar was completed by Dehra division in December 1991 at a cost of

Rs 50.72 lakh. Expenditure of Rs 55.06 lakh was also incurred on maintenance of the scheme during 1991-2004. It was noticed in audit that the scheme was not functioning properly ever since its commissioning because of leakages at different points of the main distribution line. An estimate for improvement and remodelling of the scheme was approved (October 1995) for Rs 11.33 lakh, which provided for replacement of Reinforced Cement Concrete (RCC) pipes with Asbestos Cement (AC) pressure pipes. As per history report of the estimate, RCC pipes provided in a length of 1,835 metres in various portions of the distribution system were not capable of lifting water to the required height and thus, needed replacement with AC pressure pipes. The improvement work was taken up (February 1996) and completed (March 1998) at a cost of Rs 11.16 lakh.

It was further noticed in audit that insignificant irrigation was provided by the scheme to the CCA. Out of 20 cropping seasons between 1992-93 and 2001-02, while no irrigation was provided during eight cropping seasons, the percentage of area irrigated during the remaining 12 cropping seasons ranged between one and 16 (eight cropping seasons: one to five; two cropping seasons: five to 10 and two cropping seasons: 10 to 16).

The Executive Engineer (EE) informed (April 2003) the Superintending Engineer, Nurpur Circle that the crossing of rising-main at a straight stretch through railway line was not allowed by the Railway authorities during execution of the scheme and the alignment had to be changed by providing bends and increasing the head from 142.67 to 147.50 metres. It was further stated that leakage of joints in the rising-main increased the water losses due to high head. For the smooth running of the scheme, it required two stages and construction of delivery tank, realignment of the main distribution line as well as distribution system at an estimated cost of Rs 35 lakh.

The EE while confirming the facts stated (February 2004) that proper alignment of rising-main as per detailed estimate was not followed and as such water could not be lifted fully. Now, the estimate for Rs 35 lakh was being framed for improvement of the scheme.

It would thus be seen that the scheme could not function properly ever since its completion due to defective designing of rising-main and distribution system. Consequently, an investment of Rs 1.17 crore on construction, improvement and maintenance of the scheme had remained largely unfruitful as intended benefits of irrigation could not be provided to the beneficiaries.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

4.26 Unjustified purchase of materials resulting in blocking of funds

Purchase of material by Water Supply and Sewerage Division, Shimla without assessing definite requirements resulted in blocking of funds of Rs 43.78 lakh.

Financial rules provide that stores should be purchased in accordance with definite requirements and care should be taken not to purchase stores much in advance of actual requirements.

Test-check of records of Water Supply and Sewerage Division, New Shimla conducted in November 2002 and further information obtained in March 2004 revealed that materials such as cast iron and ductile iron fittings costing Rs 1.03 crore¹ were procured between April 1999 and March 2002 for re-organisation and augmentation of Water Supply Scheme, Shimla. Of this, material costing Rs 52.06 lakh² was utilised on the work and fitting material valued at Rs 4.57 lakh was transferred to other divisions as of March 2004. Out of the balance material valued at Rs 46.68 lakh, material valued at Rs 43.78 lakh was declared surplus in March 2003 and was lying unutilised in the MAS account register (March 2004).

The Executive Engineer intimated (March 2004) that the material was declared surplus owing to stopping of the work by the contractors due to sinking of area between Ramachandra chowk and US club, non-finalisation of the alignment of feeder line via Ramachandra chowk and US club, Sanjauli and AG office zones and reduction in the scope of work.

Evidently, definite requirement of material was not assessed and purchases were made without finalisation of alignment of various feeder lines.

It was further stated (March 2004) that working out of exact quantity of fitting material was not practicable and was mere estimation which may increase/decrease during actual execution. The contention is not tenable as the exact quantity of the fitting material should have been worked out from the detailed/working estimates.

Purchase of materials in excess of actual requirements in violation of financial rules had thus resulted in blocking of funds of Rs 43.78 lakh. Chances of deterioration of material with the passage of time and unnecessary expenditure on their storage and watch and ward can also not be ruled out.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

1 1999-2000: Rs 32.98 lakh; 2000-01: Rs 38.98 lakh and 2001-02: Rs 31.35 lakh.

2 1999-2000: Rs 6.95 lakh; 2000-01: Rs 21.69 lakh; 2001-02: Rs 15.68 lakh; 2002-03: Rs 7.12 lakh and 2003-04: Rs 0.62 lakh.

4.27 Non-utilisation of funds for information, education and communication programme

Funds of Rs 1.36 crore released by Government of India for information, education and communication programme remained unutilised in 10 divisions and one circle.

Government of India technically approved (March 2001) Information, Education and Communication (IEC) programme under Rajiv Gandhi National Drinking Water Mission in four districts (Bilaspur, Hamirpur, Mandi and Shimla) for Rs 3.91 crore to institutionalise community participation in water and sanitation. The project was to be completed within a period of one year. Against the approved cost, Rs 1.96 crore were released (March 2001: Rs 58.97 lakh and July 2001: Rs 136.71 lakh) by Government of India to the State Government for implementation of the programme. The programme was discontinued after March 2003 and committed liabilities in the form of actual expenditure incurred by the State Government were to be reimbursed by Government of India for current financial year only.

Test-check of the records of five implementing divisions¹ to whom Rs 1.35 crore were allotted during 2001-02 revealed (May 2003 and March 2004) that expenditure of Rs 32.33 lakh had only been incurred and the balance amount of Rs 1.03 crore was lying unutilised in deposits (Rs 43.95 lakh), with the Himachal Pradesh State Civil Supplies Corporation, Shimla (Rs 33.30 lakh) and with the Deputy Commissioner, Bilaspur (Rs 25.65 lakh). The Divisional Officers attributed non-utilisation of the amount to non-formulation/delayed formulation of action plan. It was also noticed that the Himachal Pradesh State Civil Supplies Corporation, Shimla was not at all concerned with the execution of the programme. The payment was thus made to the Corporation to show utilisation of funds and amounted to undue financial aid to the Corporation.

The balance amount of Rs 60.45 lakh was allotted to five I&PH divisions² of Sundernagar circle (Rs 49.60 lakh) and Superintending Engineer, Project Management Unit (PMU), Shimla (Rs 10.85 lakh) during March 2002. Of this, only Rs 26.87 lakh had been utilised and Rs 33.58 lakh were lying unutilised as of February 2004. Failure of the department to formulate the action plans thus resulted in non-utilisation of the programme funds to the extent of Rs 1.36 crore, undue financial aid to the State Civil Supplies Corporation and denial of intended benefits to the beneficiaries.

The matter was referred to the Government in May 2004; their reply had not been received (September 2004).

¹ Bilaspur, Ghumarwin, Hamirpur, Karsog and Shimla-I.

² Baggi, Mandi, Padhar, Sarkaghat and Sundernagar.

Regulatory issues and other points

Education Department (Himachal Pradesh University)

4.28 Misutilisation of students' fund

Irregular payment of Rs 20.85 lakh from students' fund resulted in its misutilisation.

Himachal Pradesh University (University) Rules do not provide for payment to the teaching and non-teaching staff out of the students fund. It was noticed during audit (September-October 2003) that contrary to the rules the University incurred an expenditure of Rs 20.85 lakh out of students' funds as given below:

(i) An amount of Rs 12.27 lakh was paid to the staff engaged on daily wages during the period 2001-2003 out of students' fund. The University stated (October 2003) that the staff was engaged on daily wages to cope with the increased workload and due to shortage of staff. The reply was not acceptable as their engagement and payment out of the students' fund was in contravention of the instructions and rules.

(ii) A Public Relation Officer (PRO) was appointed (December 1999) on fixed salary of Rs 8000 per month for initial period of 89 days. He was, however, being given extension regularly and was continuing in service. Salary amounting to Rs 2.77 lakh from April 2000-March 2003 was paid to him from students' fund. The Director, International Centre for Distance Education and Open Learning (ICDEOL) stated (October 2003) that the PRO was appointed for providing curriculum and other information to the students. The plea was not acceptable as the payment was not covered under the rules and one PRO was already working in the University.

(iii) The rules approved by the Executive Council (July 1999) for the maintenance and utilisation of the fee received from students admitted under self financing scheme provided that staff appointed under the scheme would not be a charge on the University at any time and all appointments should be made on contract basis. The University created (August 2000) among other posts, one post of Reader for starting the Master Degree in Journalism and Mass Communication in the ICDEOL with the condition that posts would be filled on temporary basis and expenditure would be met out of the funds generated through the receipt of self financing scheme. The Reader was appointed, and joined the Department in February 2001. As no admission had been made in the course under the scheme at that time, his salary was charged to students' fund with the condition that the same would be recouped when funds are generated under self financing scheme. However, the expenditure of Rs 5.81 lakh incurred during February 2001 to September 2003 on the salary of the Reader had not been recouped to the students' fund (October 2003). The Director, ICDEOL stated (October 2003) that the recoupment was not

required as there is no misutilisation of funds. The plea is not acceptable as expenditure on the salary was not to be met out of students' fund and the Reader appointed in February 2001 still continues to work in the ICDEOL.

The students' fund amounting to Rs 20.85 lakh was, thus, spent by the University irregularly for purposes not covered under the rules.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

4.2.9 Irregularities in operation of secrecy fund

Vice Chancellor committed various irregularities in operation of secrecy fund between January 2002 and March 2003.

Himachal Pradesh University (HPU) Statute provided that the expenditure out of the secrecy fund was required to be incurred by the Vice Chancellor (VC), Pro-Vice Chancellor, Controller of Examination and the Registrar of the University.

Test-check of records of HPU revealed (September-October 2003) the following points:

- (a) The work relating to the printing of question papers, etc., was withdrawn from the Controller of Examination and assigned to the Deputy Registrar (Secrecy) (DR) from January 2002 by the VC in contravention of the provisions of the Statute. The funds provided to the DR were kept by him in a bank account opened in his name and payments were made by him in cash out of that account.
- (b) The printing work was awarded to a Delhi based firm by collecting three quotations in January 2002 without comparison of rates prevalent before January 2002 resulting in extra payment of Rs 43.49 lakh. The University stated (September 2003) that excess payments were due to introduction of optical marks reader (OMR) sheets, improvement in quality of printing and packaging paper etc. The plea was not acceptable as no specifications had been prescribed in the agreement regarding type of paper to be used, printing specifications, etc. No comparison could thus be possible in this regard. Extra expenditure on the printing of OMR sheets, packaging, etc. has not been included in the amount of extra payment of Rs 43.49 lakh.
- (c) Special 5 per cent discount amounting to Rs 2.94 lakh on the printing work of Rs 58.77 lakh had not been availed from the printing firm.
- (d) 100 per cent advance payments were made to the firm as against 50 per cent laid down in the agreement.
- (e) Against the advance of Rs 72.24 lakh given to the printers etc. between January 2002 and March 2003, adjustment account for Rs 69.91 lakh

only had been received upto March 2003. The balance amount of Rs 2.33 lakh remained unadjusted with them (September 2003).

Assignment of the operation of the secrecy fund to a lower functionary of the University in violation of the Statute of the University and non-exercising of supervisory control by the VC resulted in serious irregularities as mentioned above in the operation of the fund and also making the extra payment to the firm.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

Health and Family Welfare Department

4.38 Revenue receipts not credited to Government account

Principal, Indira Gandhi Medical College violated financial rules and credited Government receipts into the account of the society.

State Financial Rules require that departmental receipts be credited into Government accounts. Further, utilisation of these receipts towards expenditure is prohibited.

Audit scrutiny (September 2003) of the records of the Principal, Indira Gandhi Medical College (IGMC), Shimla revealed that the fees amounting to Rs 2.04 crore received from the non-resident Indian (NRI) students during 2001-03 was deposited into the bank accounts of the Indira Gandhi Medical College and Hospital Welfare Society Shimla (Society), a Society registered under Societies Act, 1860 instead of crediting these receipts into Government accounts.

On being pointed out in audit, the Principal, IGMC admitted the facts and stated (February 2004) that the fees were deposited into the accounts of the Society in terms of the notification (June 2001) of the Government. The plea is not tenable as this was against the Financial Rules and even the notification *ibid* did not provide for crediting the NRI students' fees into the accounts of the Society; but the receipts of the hospital only were to be credited into the accounts of the Society.

Crediting the Government receipts into accounts other than Government accounts violated the financial rules.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

Public Works Department

4.31 Unauthorised running of vehicle resulting in loss to the Government

Violation of Government instructions resulted in payment of compensation of Rs 31.07 lakh to accident victims and the compensation of Rs 21.50 lakh was irregularly charged to a work in Kinnaur division.

According to the Government instructions of April 1979, no officer can take a Government vehicle outside his jurisdiction without the prior permission of the Chief Secretary. Any officer who violated these instructions would have to face departmental proceedings, the entire journeys so performed would be treated as private and recovery effected accordingly.

Test-check of the records of Kalpa Division revealed (August 2003) that a Government jeep* belonging to Kalpa Division was being taken by an Assistant Engineer from Yourangi (Peo) to Shimla reportedly on verbal orders of the Executive Engineer to accompany a Member of Legislative Assembly (MLA) to Shimla and also to collect architectural drawings of various Government buildings under construction at Reckong Peo. The vehicle met with an accident on 30 November 1994 near Solding at km 320/150 of NH-22, causing death of the MLA and major injuries to the other three persons (Assistant Engineer (AE), Junior Engineer (JE) and Driver). The widow of the deceased MLA, AE and JE filed three different suits between April 1995 and January 1996 before the Motor Accident Claim Tribunal (MACT), Shimla claiming compensation for death and injuries suffered as a result of accident. The MACT, Shimla held (April 2001) that the accident occurred due to rash and negligent driving of vehicle and awarded (January 2001) compensation of Rs 9.57 lakh (AE: Rs 4.71 lakh and JE: Rs 4.86 lakh) including interest. The amount of compensation was paid (September 2003) by the EE to the AE and JE after obtaining sanction of the Finance Department. In the case of late MLA, compensation of Rs 21.50 lakh including interest to be paid jointly and severally by the EE, Driver and State Government was awarded by the MACT. It was noticed (August 2003) in audit that the EE, paid the entire amount of compensation of Rs 21.50 lakh (January 2002: Rs 14.34 lakh and December 2002: Rs 7.16 lakh) to the legal heirs of the deceased without obtaining sanction of the Finance Department and debited the expenditure to a road work.

Scrutiny of records further revealed that prior permission of the Chief Secretary to take the vehicle beyond jurisdiction had not been obtained, as required. No departmental enquiry was conducted against the officers/officials responsible for violating Government instructions.

The EE stated (February 2004) that in the absence of proper sanction, the amount of compensation of Rs 21.50 lakh was charged to a road work under which funds were available. The reply is not tenable because prior sanction of the Finance Department should have been obtained before making the payment. Thus, violation of Government instructions coupled with negligent and rash driving resulted in loss of Rs 31.07 lakh to the Government. This also included charge of Rs 21.50 lakh to a road work which was irregular.

The matter was referred to the Government in May 2004; their reply had not been received (September 2004).

Irrigation and Public Health Department

4.32 Supply of untreated drinking water to the beneficiaries

Arki, Kullu-I, Mandi, Shimla-I and Sundernagar divisions supplied untreated water to the beneficiaries.

The Manual on Water Supply and Treatment provided that the department was to ensure that water supplied for drinking was free from pathogenic organism, clear, palatable, free from undesirable taste and odour, of reasonable temperature, neither corrosive nor scale forming and also free from minerals which could produce undesirable physiological effects. Further, raw water was to be treated by various methods to maintain the standard quality of water.

Following cases of supply of untreated drinking water to beneficiaries were noticed (July 2003 to March 2004) during test-check of records of four divisions¹.

(a) Thirty two water supply schemes, designed to provide drinking water to population of 26,843 persons and constructed at a cost of Rs 4.35 crore had been supplying unfiltered and untreated water tapped from various *nallah* sources since various dates between years 1986 and 2003. Required filtration units had not been constructed in these cases despite provision in the approved estimates. In respect of 31 schemes under three divisions², no action to provide the treatment units had, so far, been taken. In respect of the remaining one scheme³ under Shimla Division No. I, the work of construction of treatment plant was awarded to a contractor in March 2000 for Rs 29.40 lakh with stipulated period of completion as six months. The work had neither been taken up for construction by the contractor nor action to rescind the contract and get the same constructed through other agency taken by the division as of March 2004.

1 Kullu-I, Mandi, Shimla-I and Sundernagar.

2 Kullu-I, Mandi and Sundernagar.

3 Providing Lift Water Supply Scheme from Biunt *khad* to villages Chawla Tagailee, etc.

Executive Engineers (EE), Kullu-I, Mandi and Sundernagar divisions attributed the non-provision of treatment units to paucity of funds. Action taken to arrange requisite funds had not been intimated. The EE, Shimla-I division stated (March 2004) that the contract with the defaulting contractor could not be rescinded due to a Court case. The contention of the EE is not tenable as timely action to rescind the contract before filing of the Court case by the contractor in September 2002 was not taken. Further, for monitoring the quality of water, either adequate testing of water samples of the schemes was not got done or where tested, the same were found to be containing turbidity beyond the permissible limit. Thus, non-providing of required treatment units had resulted in supply of unsafe drinking water to the beneficiaries.

(b) In Arki division, 473 hand pumps were installed between 1991-2003 at a cost of Rs 5.68 crore to provide potable water to the public. Of these, 428 hand pumps installed at a cost of Rs 5.14 crore were in working order. Water samples from these pumps had not been got tested before supplying water for drinking purposes. Sixteen of these hand pumps installed between 1992-2001 at a cost of Rs 19.20 lakh were giving an abnormal red water. However, water samples of only six of these pumps were got tested in June 2003 and the water was found to be unfit for human consumption due to presence of iron contents much beyond the acceptable standard. No remedial measures to remove the defect had been taken in these cases. Water samples of the remaining pumps had not been got tested.

Admitting the facts, the EE stated (July 2003) that red water from hand pumps was noticed by the departmental inspection team in June 2003. Thus, failure of the department to get the water samples tested before commissioning the pumps, non-testing of water of all the pumps giving red water and non-providing of suitable remedial measures in the cases where the water was found unfit after laboratory tests had resulted in supply of unsafe drinking water to the beneficiaries for periods ranging between three and 11 years.

The matter was referred to the Government in April 2004; their reply had not been received (September 2004).

Stores and Stock

Animal Husbandry Department

4.33 Stores and stock accounts

Stores of Animal Husbandry Department consist of machinery and equipment, furniture and fixture, Cryocan containers, drugs and medicines, feed-fodder and seed, fertilizers and live stock etc. The department spent Rs 22.38 crore during 1999-2004 on procurement of materials against the budget provision of Rs 23.68 crore.

Records of 12¹ out of 51 units covering expenditure of Rs 12.99 crore for the period 1999-2004 were test-checked (January-April 2004). Important points noticed in audit are discussed in the succeeding paragraphs:

Budget allotment and expenditure

4.33.1 Actual expenditure in respect of four² units during the last quarter of each year ranged between 43.91 to 99.85 *per cent* against the fixed norms of 25 *per cent*. The Director of Animal Husbandry (AH) and Deputy Directors (DDs), Kothipura and Palampur stated that the expenditure exceeded the norms as the funds were received in the last quarter. This was indicative of inadequate financial control.

4.33.2 Rupees 1.45 lakh booked under Material and Supplies, had actually been utilised for fixing of barbed wire (March 1999) and purchase of stationery (March 2003). The Deputy Director, Animal Health and Breeding, Solan gave no cogent reply.

4.33.3 Rupees 8.87 crore³ were drawn on proforma bills by Director, AH and three units during 1999-03. Out of this, Rs 7.31 crore were adjusted late by periods ranging from two months to 24 months by the Directorate. Rupees 1.56 crore were lying unadjusted as of April 2004. It was stated by DD (AH) Nahan that adjustment bills would be prepared and got passed in future. DD (AH) Shimla stated that Register of Advances had not been properly maintained. The Director AH stated that information regarding remaining adjustment bills is being collected.

4.33.4 Rupees 1.46 crore drawn by Director of AH in March 2000 and converted into Banker cheque No. 571333 dated 31.03.2000. The cheque was re-encashed in the subsequent year and again converted into bank drafts for further payments to various firms. Obviously the funds were drawn to avoid lapse of sanctioned funds.

4.33.5 Bank Drafts amounting to Rs 0.77 crore prepared by Director AH were cancelled subsequently after a period ranging from one month to nine months. Hence these drawals were made to avoid lapse of budget.

1 Director of Animal Husbandry Himachal Pradesh: Rs 8.84 crore; Semen Bank, Bhaini: Rs 0.59 crore; ACDP, Ghamahatti: Rs 0.25 crore; Additional Director Animal Husbandry (B) Hamirpur: Rs 0.28 crore; Cattle Farm, Kamand: Rs 0.35 crore; Cattle Farm, Kothipura: Rs 0.16 crore; Deputy Director Animal Husbandry, Nahan: Rs 0.73 crore; Poultry Farm, Nahan: Rs 0.35 crore; Additional Director (ILIP) Palampur: Rs 0.31 crore; Deputy Director Shimla: Rs 0.69 crore; Deputy Director Solan: Rs 0.31 crore; Sheep Breeding Farm, Tal: Rs 0.13 crore.

2 Director Animal Husbandry 1999-2003: 47.72 to 99.85 *per cent*; Additional Director Cattle Farm, Kothipura 1999-2000 and 2001-03: 45.08 to 63.23 *per cent*; Additional Director Cattle Farm, Kamand 2000-03: 48.61 to 56.54 *per cent*; Additional Director (ILIP) Palampur: 2000-02: 43.91 to 65.33 *per cent*.

3 Director of AH: Rs 8.50 crore; DD (AH) Mandi: Rs 0.11 crore; DD (AH) Nahan: Rs 0.11 crore; DD (AH) Shimla: Rs 0.15 crore.

4.33.6 Rupees 0.40 crore received during 2000-01 under centrally sponsored scheme for purchase of 10 exotic bulls, 50 indigenous bulls/40-exotic cows were still lying deposited with the Himachal Pradesh Live Stock Development Board (HPLSDB). The department stated that action for purchase of bulls was under process.

Synopsis of store accounts

4.33.7 A synopsis of store accounts (excluding livestock) during the last five years ending March 2004 was as under:

Table: 4.3

(Rupees in crore)

Year	Opening balance	Receipts	Issue	Closing balance
1999-2000	11.96	6.18	6.56	11.58
2000-01	11.58	6.20	5.17	12.61
2001-02	12.61	5.36	4.46	13.51
2002-03	13.51	7.36	5.55	15.32
2003-04	15.32	NA	NA	NA

4.33.8 Store accounts for 2003-04 had not been finalised by the department. The department stated that store accounts for 2003-04 have been called for from the units. The reply was not convincing as year to year accountal of the store was necessary to ascertain the exact position of the stores kept by the department.

4.33.9 Dead Stock articles valued at Rs 47.84 lakh⁴ issued to various sub-centres between 1999-2002 were struck off from the registers and not accounted for in the store accounts.

4.33.10 Closing balance with the field units at the end of each year in respect of medicines and other consumable stores worth Rs 15.63 crore⁵ issued during 1999-02 were not called for and incorporated in synopsis of store/stock accounts. Hence store accounts did not represent true picture of stores maintained by the department.

4.33.11 Livestock as on 31 March 2002 with the department valued at Rs 18.88 lakh⁶ had not been accounted for in the store accounts. This resulted in understatement of the departmental store to the above extent.

4 All the DDOs: Rs 18.19 lakh (1999-2000); Semen Bank; Bhangrotu: Rs 29.65 lakh (2000-02).

5 1999-2000: Rs 637.56 lakh; 2000-01: Rs 489.01 lakh and 2001-02: Rs 436.41 lakh.

6 SBF Tal: Rs 9.98 lakh; DDAH Shimla: Rs 1.44 lakh; AD ILIP Palampur: Rs 1.18 lakh; GLP Kothipura: Rs 4.05 lakh and DD Nahan: Rs 2.23 lakh.

4.33.12 Dead stock with the DD, Animal Health and Breeding, Mandi was Rs 26.54 lakh as on 31 March 2002, whereas it was shown as Rs 57.16 lakh in annual accounts prepared for 2001-02. Hence the dead stock was overstated by Rs 30.62 lakh. The Director AH admitted the fact and stated that matter would be reconciled with the unit.

Procurement of stores

4.33.13 The State Government Orders (December 1995) stipulated that 80 per cent of Veterinary medicines be purchased through the State Agro Industries Corporation either on rate contract or through open tenders. However, the department decided (September 1999) to purchase medicines through the Corporation by their brand names without inviting tenders. This practice continued till June 2003. After July 2003, the department switched over to the tender system for purchase of medicines through the Corporation. Comparison of rates of medicines paid before and after July 2003 revealed that 20 to 183 per cent higher rates were paid for four medicines⁷ during 2001-03, which resulted into extra payment of Rs 3.25 lakh.

Sale of milk

4.33.14 The Government instructions (October 1996) provided that sale of milk at Cattle farms should be regulated at market rates or by inviting tenders/quotations. Contrary to these instructions during April 1999 to February 2004 milk at the farms was sold at varying rates ranging between Rs 8.28 to Rs 11 per litre without inviting quotations. The market rate of milk was between Rs 14 and Rs 18 during the period of review.

Idle liquid nitrogen plant

4.33.15 A liquid nitrogen plant with accessories procured by the department at a cost of Rs 5.77 lakh in August 1978 was transferred in March 2000 from the Semen Bank, Bangrotu (District Mandi) to the Sheep Breeding Farm, Tal (District Hamirpur). Further expenditure of Rs 8.34 lakh was incurred on creating infrastructure between March 2000 and March 2001 for the installation of the plant. Against annual working capacity of 4800 hour of the plant, the plant worked for 37 to 1323 hours during 2001-03. It became totally non-functional in March 2002. The District Rural Development Agency (DRDA) Hamirpur provided (October 2002) Rs 5.90 lakh for the repair of the plant. No action was taken to repair the plant by the department and the amount was refunded to the DRDA Hamirpur in February 2003. Due to under utilisation and non-functioning of the plant, 72,183 litres of gas valued at Rs 9.78 lakh was purchased from the open market during 1999-04. The Director, AH informed the Government in January 2003 that further repair of the plant would neither be economical nor advisable. Thus expenditure of Rs 8.34 lakh on creation of infrastructure for the plant proved wasteful.

⁷ Injection Tonophosphan: Rs 0.63 lakh; Liquid Bloatosil: Rs 0.10 lakh; Injection Mectin: Rs 1.81 lakh and Injection Lemonal: Rs 0.71 lakh.

Besides, provision of Rs 5.90 lakh was also not utilised for the purpose for which it was made.

Other points of interest

4.33.16 A Central project for cattle and buffalo breeding did not provide for purchase of Toyota Qualis vehicle. The department purchased (May 2003) one Toyota Qualis for Rs 4.45 lakh under the project and the vehicle remained deployed with the Minister for Animal Husbandry. Thus the purchase of vehicle was irregular.

4.33.17 Cryocan cylinders and other equipments valued at Rs 19.49 lakh⁸ meant for storing and transportation of semen straws procured between April 2001 and September 2003 for use by Semen Bank, Bhangrotu, (ILIP) Palampur, Animal Health Breeding Centres Mandi and Nahan were lying unutilised in stores since their receipt. The units, *inter alia*, stated that these items were supplied without demand by the Director of AH.

4.33.18 According to the instructions of the department, unproductive and uneconomical animals were required to be disposed of. Two cows (one each at Cattle Farm, Kothipura and Bhangrotu) had not conceived even once after June 1998. Expenditure of Rs 1.56 lakh (approximate) between June 1998 and March 2004 incurred on their upkeep was thus rendered wasteful.

4.33.19 Old pumping machinery costing Rs 6.75 lakh of Cattle Farm, Kothipura was replaced in 1993-94 and discarded for use in May 2001. This machinery had not been disposed off as of March 2004.

4.33.20 A mention was made in Audit Report (Civil) 1998-99 that all medicines/drugs were required to be tested before administration on animals. The department purchased medicines/drugs valued at Rs 3.26 crore during 1999-2004. The department however, had no system of testing of medicines/drugs.

The Director stated (April 2004) that no sample of medicines was sent for testing as no complaint was received. The contention is not tenable as mandatory requirements were to be complied with.

These points were referred to the Government in May 2004; their reply had not been received (September 2004).

⁸ SB Bhangrotu: Rs 12.33 lakh (2001); ILIP Palampur: Rs 3.66 lakh (2000-01); DDAH/B Mandi: Rs 2.51 lakh (1999-2000); DDAH/B Nahan: Rs 0.99 lakh (2000-02).

Irrigation and Public Health Department

4.34 Fictitious booking of materials

Fictitious booking to works was carried out for showing utilisation of budget in contravention of rules.

Financial rules prohibit fictitious stock adjustments such as debiting to a work the cost of materials not required or in excess of actual requirements, the debiting to a particular work for which funds are available of the value of materials intended to be utilised on another work for which no allotment has been sanctioned or the writing back of the value of materials used on a work to avoid excess outlay over appropriation.

It was noticed in audit that contrary to these rules, materials costing Rs 1.95 crore were fictitiously booked by eight divisions¹ against 44 works between September 1999 and March 2003 though the material was not required for consumption on these works. The cost of materials was written back to stock in the succeeding financial years between April 2001 and August 2003. In Paonta Sahib and Sundernagar Divisions, cast iron (CI) and galvanised iron (GI) pipes of different diametres costing Rs 34.31 lakh were booked to various flow irrigation schemes, sewerage schemes and water supply schemes in March 2002 and 2003, even though the same were not required for consumption on these works. The adjustments were thus made to show utilisation of available funds during the respective financial years.

Fictitious booking of materials to the works thus resulted in overstatement of actual expenditure thereon during the years in which the material was booked. This also resulted in obtaining of extra funds for these works in subsequent years to the extent of stores written back to stock.

The matter was referred to the Government in March 2004; their reply had not been received (September 2004).

General

Miscellaneous Departments

4.35 Failure to respond to Audit objections and non-compliance

Inadequate response to Audit findings and observations resulting in erosion of accountability.

Accountant General (AG) (Audit) arranges to conduct periodical inspection of Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). When important irregularities etc., detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with copy to the next higher authorities. The Financial rules/orders of Government

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Arki, Nerwa, Nurpur, Palampur, Paonta Sahib, Shimla-I, Solan and Sundernagar.

provide for compliance within six weeks by the executive to the IRs issued by the AG to ensure corrective action in compliance with the prescribed rules and procedures and enforce accountability for the deficiencies, lapses etc., noticed during his inspection. The heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions within six weeks and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the AG. A half yearly report of pending IRs is sent to the Principal Secretary (Finance) to facilitate monitoring of the audit observations in the pending IRs.

A review of the IRs issued to 140 DDOs during 1978-79 to December 2003 pertaining to Welfare (88 DDOs), Ayurveda (19 DDOs) and Technical Education (33 DDOs) departments disclosed that 690 paragraphs relating to 275 IRs remained outstanding at the end of June 2004. Of these, 71 IRs, containing 125 paragraphs had not been settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in the Appendix-XXXVI.

Though initial replies were required to be furnished by the heads of offices within six weeks from the date of issue, such replies were not received in respect of 10 offices of Welfare Department for 10 IRs issued upto December 2003. Action taken on the serious irregularities commented upon in the outstanding IRs of Welfare, Ayurveda and Technical Education departments as detailed in Appendix-XXXVII, is not known to audit.

A review of the pending IRs in respect of Welfare, Ayurveda and Technical Education departments revealed that the concerned heads of the offices and the heads of the departments did not send complete replies to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs and thus failed to discharge their due responsibilities.

The above failure also indicated lack of action against the defaulting officers thereby facilitating the continuation of financial irregularities and loss to the Government though these omissions were pointed out in Audit.

It is recommended that the Government look into the matter and ensure that procedure existed for (a) action against the officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover losses/outstanding advances/overpayments in a time bound manner, and, (c) revamping the system to ensure proper response to the audit observations in the Department.

The matter was referred to Government in May 2004; their reply had not been received (September 2004).

CHAPTER-V

INTERNAL CONTROL AND INTERNAL AUDIT ARRANGEMENTS

CHAPTER-V

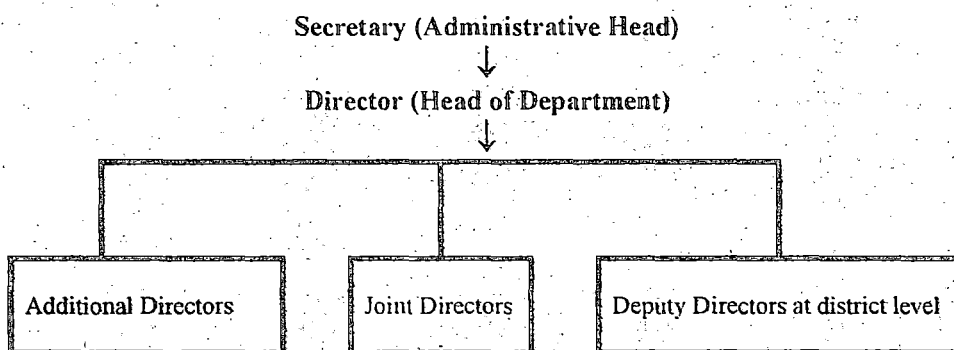
INTERNAL CONTROL AND INTERNAL AUDIT ARRANGEMENTS

Animal Husbandry Department

5.1 Internal control and internal audit arrangements

The main functions of the Animal Husbandry Department are development of livestock resources and implementation of various programmes relating to cattle, dairy, poultry, wool and angora rabbits and to provide feed and fodder to the livestock in the State.

5.1.1 Organisational set up of the department is as under:



5.1.2. Internal audit and internal control are important mechanisms for ensuring smooth working of a department. While effective internal audit helps in exercising a check on various activities of the department, internal control mechanism acts as an effective tool in keeping a check on expenditure. It also ensures that various systems have been put in place and are functioning properly.

Check (April-May 2004) of internal control and internal audit arrangements in the department revealed the following points:

Non-conducting of inspections

5.1.3 In order to find out the overall state of affairs and to devise ways and means for improvement etc., the Director was required to inspect the subordinate units annually and prepare an inspection note for the unit inspected for taking remedial measures and to ensure that proper attention was being paid to quality of performance by Officers and staff during the discharge of their duties.

5.1.4 It was noticed in audit that no targets to inspect the units were fixed during 1999-2001. However, only nine out of 53 units were inspected by the Director and no inspection had been conducted thereafter. In the case of three units inspected, no follow up action was also taken to ensure the required compliance.

Non-submission of budget estimates by the Drawing and Disbursing Officers (DDOs)

5.1.5 Scrutiny of records revealed that budget estimates were not submitted by 25 to 60 *per cent* of the DDOs during 1999-2004 as detailed below:

Table: 5.1

Year	Total Number of DDOs	Number of DDOs who did not submit budget estimates	Percentage of DDOs who did not submit budget proposal
1999-2000	53	32	60
2000-01	53	30	57
2001-02	53	26	49
2002-03	53	28	52
2003-04	20 ^a	05	25

The Director stated (May 2004) that the budget proposals were made by giving 10 *per cent* hike on previous year's budget estimates. This was indicative of the fact that the budget proposals were sent to the Government without ensuring required control.

Delay in submission of budgetary returns

5.1.6 Various returns such as budget estimates, statements of excess and surrenders and final statements of excess and surrenders were not submitted by the Director to the Finance Department (FD) during 1999-2004 on the dates prescribed in the Budget Manual. Delay in individual cases ranged between seven and 74 days. The Director stated (May 2004) that the instructions would be complied with in future.

Non-maintenance of control records

5.1.7 Important control records pertaining to preparation of annual budget such as ledger account of appropriation, liability register and registers of payment (Form-16) etc., were not maintained at the Directorate level. The Director stated (May 2004) that need for preparation of above control registers was not felt. Reply is not tenable as maintenance of records was essential in view of provisions of the Budget Manual and also useful for preparation of budget estimates on realistic basis.

Laxity in exercising controls

5.1.8 The Departmental Manual provides that the Director Animal Husbandry shall have control over all animal husbandry affairs in the State. He shall submit all the monthly/quarterly and annual reports and returns to the

^a The number of Drawing and Disbursing Officers came down to 20 as a result of restructuring of the department by the State Government.

Government on the activities of the department after collecting them from the subordinate units.

Test-check revealed that returns on some main functions of the department such as treatment of livestock and poultry diseases, rinderpest eradication, special component plan and performance of the vehicles, etc., were neither sent by the field functionaries nor were these called for by the Director, Animal Husbandry. This was indicative of the laxity in exercising controls on the schemes executed by the department.

The Director, Animal Husbandry admitted (April 2004) the facts.

Non-investigation of the reasons for shortfall

5.1.9 Test-check revealed that there were persistent shortfalls ranging between 14 and 84 *per cent* in achievement of targets fixed by the Director Animal Husbandry under three schemes/programmes during 1999-2003 as detailed in Appendix-XXXVIII. The reasons for shortfall were, however, not investigated by the Department and no remedial measures were taken to improve their working.

The Director stated (April 2004) that instructions were issued (date not mentioned) to the subordinate officers to physically inspect the performance of the schemes. The reply of the department is indicative of poor control mechanism relating to departmental operations.

Irregular expenditure on decretal payment

5.1.10 As per provisions of Budget Manual, expenditure on payments made in satisfaction of any judgement, decree or award of any Court is to be treated as "Charged" on the Consolidated Fund of the State and provision for such expenditure should be shown in the estimates as "Charged".

However, payments on this account amounting to Rs 4.14 lakh during 1999-2004 had been made out of Voted grants. The facts were admitted (May 2004) by the Director. This showed ignorance of the departmental officers regarding codal provisions.

Irregular release of grant-in-aid

5.1.11 As per provision contained in Budget Manual, no order/sanction for grant-in-aid, loan etc., should be issued after 1st March in any financial year. It was noticed that grant-in-aid of Rs 2.50 crore was sanctioned and released to the Himachal Pradesh Milk Federation Ltd., Shimla and Himachal Pradesh *Krishi Vishvavidyalaya* (HPKVV), Palampur during 1999-2004 on dates between 18 and 31 March of the respective financial years. The Director attributed (May 2004) this to communication of financial sanction by the

Administrative Department after 1st March. Thus not only the Directorate but also the Administrative Department did not adhere to the provisions of the Manual.

Information Technology (IT) Control

5.1.12 It was noticed that no computerised information system to process, maintain and report essential information has been introduced by the Department as yet.

Incorrect utilisation of staff

5.1.13 Finance Department prescribed (March 1985) duties for utilisation of services of qualified accounts personnel of the State Government in various departments of the Government. The duties, *inter alia*, included conducting internal audit, checking of accounts, supervising the clearance of outstanding audit objections, physical verification of stores and stock according to the requirements of the individual departments. The internal audit work was to be performed after defining clearly the duties and responsibilities of the organisation by creating independent accounts and internal audit section and their work was required to be supervised by a senior departmental officer.

The department had not established internal audit wing and these personnel conducted the internal audit of field offices as and when the Director desired. Of the 53 field units, special audit of one unit only was conducted during 1999-2004. Obviously, the services of Accounts Personnel were not utilised fully and they did not perform all the functions prescribed for them.

Non-rotation of employees

5.1.14 To reduce the risk of pilferages, embezzlements and wrongful acts, rotation of employees after a certain period was necessary. Scrutiny of records, however, revealed that system of rotation of employees was not in existence in the Department and that officials were holding the same charge for the period ranging from four years to 24 years. Reasons for non-rotation of the staff were not intimated.

Evaluation of internal control

5.1.15. No mechanism for monitoring/evaluating the internal control systems had been evolved by the department to gauge the effectiveness and adequacy of internal controls.

These points were referred to the Government in July 2004; their reply had not been received (September 2004).

Horticulture Department

5.2 Deficiencies in monitoring of grants and subsidies given by the department

The Horticulture Department released during 1999-2004 grants of Rs 68.14 crore to Dr. Y.S. Parmar University of Horticulture and Forestry, Solan (University) for implementation of various programmes.

Test-check of records of the sanctioning authority revealed (April 2004) the following deficiencies:

University grant-in-aid (GIA) rules 1991 require that grants should be sanctioned to meet expenditure on specific objects viz. administrative staff, equipment, land and buildings required for Horticulture activities. Contrary to the above provisions, grants of Rs 28.94 crore were sanctioned to University during 1999-2003 without indicating specific purposes. The State Government stated (May 2004) that the Government sanctions GIA for the purpose of administrative staff, equipment and buildings required for Horticulture activities. The reply is not acceptable as no specific purpose was indicated in the sanctions.

Financial rules require that the departmental officer on whose signature or countersignature the bill was drawn should furnish utilisation certificate (UC) in the prescribed form. UCs for the grant amounting to Rs 33.30 lakh released during 1999-2000 to the University had not been received as of April 2004. Director Horticulture (Director) stated (April 2004) that the matter would be taken up with the University.

The register of grants as required under the rules was not maintained in the prescribed form and did not contain complete information in regard to the grant. The Director stated (April 2004) that in future the requisite register would be maintained in the prescribed format.

Assets register for the assets of permanent and Semi-permanent nature acquired out of Government grants was not maintained. Its copy was also not furnished annually to the sanctioning authority by the grantee institution as required under the GIA rules. The department had also not devised any system to see as to what assets were created by the grantee institutions and whether the assets so created out of grants were being utilised for the intended purpose. The Director stated (April 2004) that the requirement of rules would be followed in future.

An expenditure of Rs 7.47 crore had been incurred by the University during 1999-2004 on the items like creation of revolving fund, training, etc. The GIA

rules did not provide for incurring such expenditure out of the grant provided by the department. The Director stated (April 2004) that the matter regarding expenditure incurred for items not provided in GIA would be taken up with the University.

The matter was referred to the Government in May 2004; their reply had not been received (September 2004).

Transport Department

5.3 Deficiencies in monitoring of grants and subsidies given by the department

The Transport Department released grants of Rs 195.55 crore and subsidy of Rs 6.75 crore to the State Road Transport Corporation (Corporation) during 1999-2004 for meeting social obligations.

Test-check of records of the Director, Transport (Director) revealed (April 2004) the following deficiencies:

Financial rules require that sanctioning authority should frame rules to regulate the payment of grants to the grantee institutions. No such rules had, however, been framed by the department as of April 2004. The Director stated (April 2004) that the rules were under finalisation.

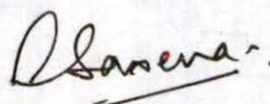
The register of grants as required under the rules was not maintained in the prescribed form and did not contain complete information in regard to purpose, conditions, utilisation certificates (UCs), etc. The Director stated (April 2004) that the prescribed register would be prepared after finalisation of rules.

Financial rules require that the departmental officer on whose signature or countersignature the bill was drawn should furnish UCs in the prescribed form. UCs for Rs 66.50 crore in respect of grants sanctioned during 1999-2003 due from the grantee institutions between April 2000 and March 2004 were awaited (April 2004). The Director stated (April 2004) that the UCs would be obtained from the Corporation. The rules further provide that further grants would not be released where UCs are awaited from a grantee institution. It was, however, noticed that grants were released year after year without insisting for the wanting UCs.

Once Grant-in-aid is sanctioned, the grantee institution should prepare and submit the bill to the countersigning authority for signature and the Treasury Officer for payment. Contrary to this, all the bills were prepared and the amount was drawn from the treasury by the department during 1999-2004 and thereafter released to Corporation. The Director stated (April 2004) that the proper procedure would be followed after finalisation of the rules.

Financial rules require that every order sanctioning the grants should specify clearly the object for which it is sanctioned. Contrary to this, Rs 94.46 crore were sanctioned to Corporation during 1999-2004 without indicating specific object/purpose. Director stated (April 2004) that the amount of subsidy was released to the Corporation to meet the social obligation being provided by it to the general public by way of free travel concession, concessional passes and providing bus services on uneconomical routes etc. The reply is not acceptable, as the specific object/purpose of expenditure was required to be mentioned in the sanctions. Moreover, the manner in which the amount of subsidy was determined, was also not on records.

The matter was referred to the Government in May 2004; their reply had not been received (September 2004).



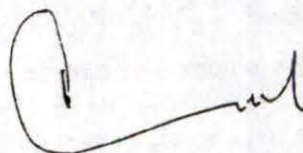
(Suman Saxena)

Accountant General (Audit)
Himachal Pradesh

Shimla
The

22 FEB 2005

Countersigned



(Vijayendra N. Kaul)

New Delhi
The

22 FEB 2005

Comptroller and Auditor General of India

APPENDICES

APPENDIX-I

(Refer paragraph 1.4; page 5)

Part-B List of terms used in Chapter-I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	Rate of Growth of the parameter GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of the parameter (X) Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Trend/Average	Trend of growth over a period of 5 years (LOGEST (Amount of 1998-99: Amount of 2003-2004) - 1) * 100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth - Weighted Interest rates
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt - Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts - Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit - Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048-Appropriation for Reduction or Avoidance of Debt

APPENDIX-II

(Refer paragraph 1.7.1 (iii); page 15)

Accounts due by autonomous bodies covered under Section 19 (2) and 19 (3) of the Act

Sr. No.	Name of the body	Period for which accounts awaited
Section 19 (2)		
1.	Himachal Pradesh Electricity Regulatory Commission	2001-02 to 2002-03
Section 19 (3)		
2.	Himachal Pradesh Bus Stand Management and Development Authority, Shimla	2002-03

APPENDIX III

(Refer paragraph 1.7.2; page 15)

Cases of Misappropriation reported to Audit

Sr. No.	Department	Up to 1999-2000		2000-2001		2002-2003		2003-2004		Total	
		N	A	N	A	N	A	N	A	N	A
1.	Public Works	24	12.84	01	43.00	--	--	--	--	25	55.84
2.	Irrigation and Public Health	13	27.56	--	--	--	--	01	0.02	14	27.58
3.	Forest	02	0.40	--	--	--	--	01	2.38	03	2.78
4.	Revenue	01	0.02	--	--	--	--	--	--	01	0.30
5.	Home Guard	01	0.05	02	25.37	--	--	--	--	03	25.42
6.	Animal Husbandry	03	1.36	--	--	01	--	--	--	04	1.36
7.	HP Public Service Commission	--	--	--	--	01	2.96	--	--	01	2.96
8.	Rural Development	01	6.00	--	--	--	--	--	--	01	6.00
9.	Education	05	1.73	--	--	--	--	01	0.71	06	2.44
10.	Agriculture	01	1.98	--	--	--	--	--	--	01	0.26
11.	Land Record	01	2.57	--	--	--	--	--	--	01	2.57
12.	Horticulture	--	--	--	--	--	--	02	1.29	02	1.29
13.	Police	--	--	--	--	--	--	02	1.73	02	0.89
	Total	52	54.51	03	68.37	02	2.96	07	6.13	69	131.42

N: Number of cases.
A: Amount (Rupees in lakh).

APPENDIX-IV

(Refer paragraph 1.8; page 15)

**Summarised financial position of the Government of Himachal Pradesh as on 31 March 2004
(Rupees in crore)**

As on 31 March 2003		Liabilities	As on 31 March 2004		As on 31 March 2003		Assets	As on 31 March 2004	
1	2	3	4	5	6	7	8	9	10
6259.00		Internal Debt (excluding overdrafts from Reserve Bank of India)		8951.44	6852.47		Gross Capital Outlay		7637.30
	1983.36	Market Loans bearing interest	2839.31			1796.49	Investment in shares of Companies, Corporations, etc.	1921.99	
	0.19	Market Loans not bearing interest	0.18			5055.98	Other capital expenditure	5715.31	
	708.58	Loans from the Life Insurance Corporation of India	744.80		252.85		Loans and Advances		244.46
	3.72	Loans from the General Insurance Corporation of India	3.45			66.28	Loans for Energy	71.26	
	420.72	Loans from the National Bank for Agriculture and Rural Development	302.08			83.36	Other Development Loans	77.01	
	28.56	Loans from the National Co-operative Development Corporation	13.59			103.21	Loans to Government Servants and Miscellaneous Loans	96.19	
	2129.70	Loans from other institutions	3503.62		—		Suspense and Miscellaneous Balances	—	—
	135.00	Ways and Means Advances from the Reserve Bank of India	117.94		0.16		Advances		0.18
	849.17*	Special securities issued to National small savings Funds of the Central Government	1426.47		20.97		Cash		21.14
2548.31		Loans and Advances from the Central Government		1898.35		20.73	Cash in Treasuries and Local Remittances	20.86	
	50.53	Pre 1984-85 Loans	43.27			0.24	Departmental Cash Balance including Permanent Advances	0.28	

* Includes Rs 197.78 crore being the share of Small Savings collections for the year 1999-2001 transferred from head 6004-01-102.

Appendices

1	2	3	4	5	6	7	8	9	10
	1658.10	Non-Plan Loans	878.19				Cash Balance Investment Account	--	--
	761.37	Loans for State Plan Schemes	879.92		5531.78		Deficit on the Government Account		7138.94
	0.35	Loans for Central Plan Schemes	0.30			4035.31	Accumulated deficit upto 31 March 2003	5517.71	
	47.96	Loans for Centrally Sponsored Plan Schemes	46.67				Add		
	30.00	Ways and Means Advances	50.00			1482.40	(i) Current year's deficit	1607.16	
5.00		Contingency Fund		5.00		14.07	(ii) Other miscellaneous adjustment, etc.	14.07	
2484.41		Small Savings, Provident Funds, etc.		2720.18					
17.42		Suspense and Miscellaneous Balances		26.66					
709.07		Deposits		641.88					
135.00		Overdrafts from the Reserve Bank of India		--					
257.25		Reserve Funds		225.44					
108.26		Deposits with the Reserve Bank of India		339.59					
134.51		Remittance Balances		233.48					
11648.13		Total		15042.02	12638.13		Total		15042.02

APPENDIX-V

(Refer paragraph 1.8; page 15)
Abstract of Receipts and Disbursements for the year 2003-2004
(Rupees in crore)

Receipts					Disbursements					
2002-2003		2003-04			2002-2003		2003-04			
							Non-Plan	Plan	Total	
1	2	3	4	5	6	7	8	9	10	11
Section - A Revenue										
3658.75		I-Revenue Receipts		3980.92	5141.15	I-Revenue Expenditure-				5588.08
	889.71	(i) Tax revenue	984.33		2130.67	General Services	2467.36	15.94	2483.30	
	175.49	(ii) Non-tax revenue	291.76		1608.86	Social Services	1384.56	547.90	1932.46	
	345.46	(iii) State's share of Union Taxes and Duties	449.54		937.39	Education, Sports, Art and Culture	880.22	88.76	968.98	
	874.38	(iv) Non-Plan Grants	760.04		277.64	Health and Family Welfare	156.51	139.19	295.70	
	1176.04	(v) Grants for State Plan Schemes	1335.35		201.23	Water Supply, Sanitation, Housing and Urban Development	209.68	260.63	470.31	
	197.67	(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	159.90		9.02	Information and Broadcasting	5.73	3.13	8.86	
					12.62	Welfare of Scheduled Castes, Scheduled Tribes and Other backward Classes	5.80	5.47	11.27	
1482.40		II-Revenue Deficit carried over to Section-B		1607.16	13.66	Labour and Labour Welfare	12.55	1.10	13.65	
					153.54	Social Welfare and Nutrition	110.92	49.53	160.45	
					3.76	Others	3.15	0.09	3.24	
					1345.99	Economic Services	893.42	276.03	1169.45	
					585.05	Agriculture and Allied Activities	278.72	115.05	393.77	
					90.92	Rural Development	66.26	27.48	93.74	
					70.04	Irrigation and Flood Control	69.69	0.55	70.24	
					130.92	Energy	84.29	68.01	152.30	
					42.16	Industry and Minerals	14.88	11.99	26.87	
					360.02	Transport	361.66	1.57	363.23	
					3.31	Science, Technology and Environment	0.08	0.97	1.05	

1	2	3	4	5	6	7	8	9	10	11
					63.57	General Economic Services	17.84	50.41	68.25	
					55.63	Grants-in-aid and Contributions	2.87	—	2.87	
5141.15		Total:		5598.09	5141.15	Total:	1748.71	839.87	5598.09	5598.09
Section-B-Capital										
45.77		III-Opening cash balance including Permanent Advances and Cash Balance Investment Account, etc.		(-) 87.29	859.74**	Capital Outlay	4.00	780.84	784.84	784.84***
					11.17	General Services	—	23.03	23.03	
					243.83	Social Services	0.56	302.87	303.43	
					19.95	Education, Sports, Art and Culture	--	36.63	36.63	
					19.80	Health and Family Welfare	0.56	49.80	50.36	
					200.76	Water Supply, Sanitation, Housing and Urban Development	--	211.82	211.82	
					0.36	Information and Broadcasting	--	0.34	0.34	
					2.64	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	4.10	4.10	
					0.30	Social Welfare and Nutrition	--	0.05	0.05	
					0.02	Others	--	0.13	0.13	
					604.74	Economics Services	3.44	454.94	458.38	
					22.56	Agriculture and Allied Activities	(-) 0.57	17.91	17.34	
					--	Rural Development	--	1.12	1.12	
					45.87	Irrigation and Flood Control	--	82.48	82.48	
					358.56	Energy	--	94.00	94.00	
					1.73	Industry and Minerals	--	4.59	4.59	
					174.27	Transport	4.01	252.67	256.68	

* This includes Rs 3.60 crore Non-Plan expenditure on centrally sponsored scheme, (General Services Rs 2.88 crore, Social Services Rs 0.72 crore).

** These are net figures exclusive of recoveries adjusted in reduction of revenue expenditure.

*** These are net figures exclusive of recoveries adjusted in reduction of capital expenditure.

Audit Report (Civil) for the year ended 31 March 2004

1	2	3	4	5	6	7	8	9	10	11
					1.75	General Economic Services	--	2.17	2.17	
28.95		IV-Recoveries of Loans and Advances		28.29	28.37	III-Loans and Advances disbursed				19.91
	--	From Power Projects	--		1.97	For Power Projects	--	4.98	4.98	
	19.55	From Government Servants	19.77		24.95	To Government Servants	1.94	10.81	12.75	
	9.41	From Others	8.52		1.45	To others	--	2.18	2.18	
					1482.40	IV-Revenue deficit brought down				1607.16
2198.74		V-Public Debt Receipts		3762.32	684.41	V-Repayment of Public Debt				1854.82
	2052.45	Internal Debt other than Ways and Means Advances and Overdraft	3472.78		146.31	Internal debt other than Ways and Means Advances and Overdraft			763.27	
					97.27	Net transactions under Ways and Means Advances including Overdraft			152.06	
	146.29	Loans and Advances from the Central Government	289.54		440.83	Repayment of Loans and Advances to Central Government			939.49	
4155.69		VI-Public Account Receipts		5033.31	3461.52	VI-Public Account Disbursement				4788.35
	826.90	Small Saving and Provident Funds	833.45		550.78	Small Savings and Provident Funds			597.68	
	273.43	Reserve Funds	140.30		154.95	Reserve Funds			172.11	
	703.89	Deposits and Advances	1375.21		439.86	Deposit and Advances			1442.41	
	171.80	Suspense and Miscellaneous	171.63		149.10	Suspense and Miscellaneous			162.39	
	2179.67	Remittances	2512.72		2166.83	Remittances			2413.76	
					(-) 87.29	VII-Cash Balance at end				(-) 318.45
					20.73	Cash in Treasuries and Local Remittances			20.86	
					0.24	Departmental Cash Balance including Permanent Advances			0.28	
					(-) 108.26	Deposits with Reserve Bank			(-) 339.59	
					--	Cash Balance investment			--	
6429.15				8736.63	6429.15				8736.63	

Includes Rs 197.78 crore being the share of small savings collections for the years 1999-2001 transferred from the head 6004-01-102.

Rs 0.08 lakh only.

APPENDIX-VI

(Refer paragraph 1.8; page 15)

Sources and application of funds

(Rupees in crore)

2002-2003		Source		2003-2004
3658.75		1.	Revenue Receipts	3980.92
28.95		2.	Recoveries of Loans and Advances	28.29
1654.59		3.	Increase in Public Debt* other than Overdraft	2042.50
694.18		4.	Net receipts from Public Account	244.96
	276.12		Increase in Small Savings, Provident Funds, etc.	235.77
	264.03		Increase in Deposits and Advances	(-) 67.20
	118.48		Increase in Reserve Funds	(-) 31.81
	22.70		Net effect of Suspense and Miscellaneous transactions	9.24
	12.85		Net effect of Remittance transactions	98.96
133.06			Decrease in closing cash balance	231.16
6169.53			Total	6527.83
2002-2003		Application		2003-2004
5141.15		1.	Revenue expenditure	5588.08
28.37		2.	Lending for development and other purposes	19.91
859.74		3.	Capital expenditure	784.84
140.27		4.	Decrease in Overdraft	135.00
—		5.	Increase in closing cash balance	—
6169.53			Total	6527.83

Explanatory Notes for Appendix-IV, V and VI:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix-IV, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and others pending settlement, etc.
4. There was an unreconciled difference of Rs 0.11 crore (debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank". A net difference of Rs 0.11 crore (debt) were awaiting reconciliation (May 2004).

* Includes Ways and Means Advances taken from Reserve Bank of India/Government of India.

APPENDIX-VII

(Refer paragraph 1.8; page 15)

Time series data on State Government Finances

(Rupees in crore)

		1999-2000	2000-2001	2001-2002	2002-2003	2003-04
1.		2.	3.	4.	5.	6.
Part A. Receipts						
1.	Revenue Receipts	3715	3046	3716	3659	3981
(i)	Tax Revenue	620 (17)	729 (24)	916 (25)	890 (24)	984 (25)
	Taxes on Sales, Trade, etc.	233 (38)	302 (41)	355 (39)	383 (43)	437 (44)
	State Excise	199 (32)	209 (29)	236 (26)	274 (31)	280 (29)
	Taxes on vehicles	28 (4)	61 (8)	133 (14)	82 (9)	78 (8)
	Stamps and Registration fees	25 (4)	29 (4)	34 (4)	37 (4)	52 (5)
	Taxes and duties on Electricity	ψ	28 (4)	8 (1)	--	17 (2)
	Land Revenue	6 (1)	4 (1)	52 (5)	5 (1)	1 (-)
	Taxes on Goods and Passengers	105 (17)	43 (6)	34 (4)	32 (3)	34 (3)
	Other Taxes and Duties on Commodities and Services	24 (4)	53 (7)	64 (7)	77 (9)	85 (9)
(ii)	Non-Tax Revenue	1056 (28)	177 (6)	198 (6)	175 (5)	292 (7)
(iii)	State's share in Union taxes and duties	921 (25)	330 (11)	325 (9)	346 (10)	450 (11)
(iv)	Grants-in-aid from Government of India	1118 (30)	1810 (59)	2277 (60)	2248 (61)	2255 (57)
2.	Misc. Capital Receipts	--	--	--	--	--
3.	Total revenue and Non-debt capital receipts (1+2)	3715	3046	3716	3659	3981
4.	Recovery of Loans and Advances	531	27	29	29	28
5.	Public Debt Receipts	1477	1557	1588	2199	3762
	Internal Debt (excluding Ways and Means Advances and Overdraft)	859 (58)	1227 (79)	1465 (92)	2053 (93)	3473 (92)
	Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	--
	Loans and Advances from Government of India ^a	618 (42)	330 (21)	123 (8)	146 (7)	289 (8)
6.	Total receipts in the Consolidated Fund (3+4+5)	5723	4630	5333	5887	7771
7.	Contingency Fund Receipts	--	--	--	--	--
8.	Public Account receipts	4932	3878	3733	4156	5033
9.	Total receipts of the State (6+7+8)	10655	8508	9066	10043	12804
Part B. Expenditure/Disbursement						
10.	Revenue expenditure	3821	4329	4576	5141	5588
	Plan	1073 (28)	1282 (30)	1202 (26)	1386 (27)	840 (15)
	Non-Plan	2748 (72)	3047 (70)	3374 (74)	3755 (73)	4748 (83)
	General Services (including interest payments)	1447 (38)	1614 (37)	1942 (42)	2131 (42)	2483 (44)
	Social Services	1376 (36)	1561 (36)	1543 (34)	1609 (31)	1933 (35)
	Economic Services	978 (26)	1134 (26)	1070 (23)	1346 (26)	1169 (21)
	Grants-in-aid and Contributions	20	20 (1)	21 (1)	55 (1)	3 (-)
11.	Capital Expenditure	554	549	650	860	785
	Plan	557 (100)	554 (100)	650 (100)	862 (100)	781 (100)
	Non-Plan	(-) 3	(-) 5	--	(-) 2	(-) 4
	General Services	34 (6)	19 (3)	8 (1)	11 (1)	23 (3)

ψ Rs 21 lakh only.

^a Rs 25 lakh only.

	1	2	3	4	5	6
	Social Services	201 (36)	228 (42)	270 (42)	244 (28)	304 (39)
	Economic Services	319 (58)	302 (55)	372 (57)	605 (71)	458 (58)
12.	Disbursement of Loans and Advances	60	40	30	28	20
13.	Total (10+11+12)	4435	4918	5256	6029	6393
14.	Repayment of Public Debt	995	414	164	684	1855
	Internal Debt (excluding Ways and Means Advances and Overdraft)	28 (3)	47 (11)	88 (54)	146 (21)	763 (41)
	Net Transactions under Ways and Means Advances and Overdraft	717 (72)	17 (4)	(-) 249 (-152)	97 (14)	152 (8)
	Loans and Advances from Government of India [@]	250 (25)	350 (85)	325 (198)	441 (65)	940 (51)
15.	Appropriation to Contingency Fund	--	--	--	--	--
16.	Total disbursement out of Consolidated Fund (13+14+15)	5430	5332	5420	6713	8248
17.	Contingency Fund disbursements	--	--	--	--	--
18.	Public Account disbursements	5091	3164	3546	3462	4789
19.	Total disbursement by the State (16+17+18)	10521	8496	8966	10175	13037
Part C. Deficits						
20.	Revenue Deficit (1-10)	106	1283	860	1482	1607
21.	Fiscal Deficit (3+4-13)	189	1845	1511	2341	2384
22.	Primary Deficit (21-23)	(-) 408	1047	469	1169	911
Part D. Other data						
23.	Interest Payments (included in revenue expenditure)	597	798	1042	1172	1473
24.	Arrears of Revenue [†] (Percentage of Tax and non-tax Revenue Receipts)	189 (11)	261 (29)	264 (20)	181 (14)	405 (32)
25.	Financial Assistance to local bodies, etc.	167	213	169	186	273
26.	Ways and Means Advances and Overdraft availed (days)	253	185	300	271	250
27.	Interest on WMA and Overdraft	6.69	4.96	9.16	7.65	7.13
28.	Gross State Domestic Product (GSDP) ^{**}	12229	13504	14943	15946	18019
29.	Outstanding Debt (year end)	7104	8621	10220	12393	14437
30.	Outstanding guarantees (year end)	1886	3804	4418	4503	4682
31.	Maximum amount guaranteed (year end)	2897	4268	5112	5436	6144
32.	Number of incomplete projects	25	17	3	8	14
33.	Capital blocked in incomplete projects	35	30	4	17	46

Note: Figures in brackets represent percentages (rounded) to total of each sub heading.

@ Includes Ways and Means Advances from Government of India.

† Source: Paragraph 1.5 of Audit Report (Revenue Receipts) of 1998 to 2002 and 1.9 of 2003-2004.

** Source for GSDP figures: Economics and Statistics Department, Government of Himachal Pradesh. Figures for the years 2000-01, 2001-02 and 2002-03 have been revised by the State Government. Figures for 2003-2004 have been worked out by taking the average increase of 13 per cent during 1998-99 to 2002-2003.

APPENDIX-VIII

(Refer paragraph 1.9.1; page 20)

Consolidated Revenue Deficit for 2003-04

(Rupees in crore)

Item		Amount
I.	Power Sector	
(a)	Revenue Receipts	1085
Less:	Electricity duty	33
(b)	Net receipts	1052
(c)	Revenue Expenditure	
	Power purchase, etc.	1040
	Interest and Finance charges	91
	Less: Electricity duty	33
(d)	Net expenditure	1098
(e)	Revenue deficit (b-d)	46
Less:	Subsidy	- Nil -
(f)	Net deficit	46
II.	State Government	
(a)	Revenue Receipts	3981
(b)	Revenue expenditure	5588
(c)	Revenue deficit (a-b)	1607
III.	Consolidated Revenue deficit [I (f) + II (c)]	1653
IV.	Consolidated Revenue receipts [I (b) + II (a)]	5033
V.	Consolidated Revenue deficit per cent to consolidated Revenue Receipts	32.84

APPENDIX-IX

(Refer paragraph 1.12.1; page 24)

Statement showing Impact of Government policies in the State

Sr. no.	Description	Unit	Year	
			2001-2002	2002-2003
1.	Education			
(a)	Schools			
(i)	Basic/Primary/Junior	Number	10,633	10,650
(ii)	Middle/Senior Basic	Number	1,673	1,814
(iii)	High/Senior Secondary	Number	1,514	1,534
(b)	Enrollment in schools	In lakh	13.58	13.60
(c)	Literacy (2001 (Census))	Percentage	77.13	77.13
(d)	Colleges	Number	40	40
(e)	Universities	Number	03	03
2.	Technical Education			
(a)	Engineering Colleges	Number	01	01
(b)	Polytechnics	Number	07	07
(c)	Industrial Training Institutes	Number	44	50
(d)	Motor Driving and Heavy Earth Moving Training Institutes	Number	01	01
3.	Health			
(i)	Allopathic Dispensaries	Number	155	152
(ii)	Primary Health Centres	Number	369	376
(iii)	Allopathic Hospitals	Number	50	50
(iv)	Ayurvedic Dispensaries	Number	1,112	1,116
(v)	Ayurvedic Hospitals	Number	22	23
(vi)	Natural care Hospitals (Ayurvedic)	Number	01	01
(vii)	Ayurvedic Pharmacies	Number	03	03
(viii)	Research Institutes	Number	01	01
(ix)	Homeopathic Health Centres	Number	14	14
(x)	Unani Health Centres	Number	03	03
(xi)	Medical Colleges	Number	02	02
(xii)	Dental Colleges	Number	01	01
(xiii)	Ayurvedic Colleges	Number	01	01
(xiv)	Infant mortality	Number per thousand	54	58
4.	Animal Health			
(i)	Veterinary dispensaries	Number	1,585	1,585
(ii)	Central Veterinary Dispensaries	Number	25	25
(iii)	Polyclinics	Number	07	07
(iv)	Veterinary Hospitals	Number	303	303
5.	Power			
(i)	Generation	Million Kwh	1149.5	1277.29
(ii)	Purchased	Million Kwh	2651.5	2866.80
(iii)	Consumption	Million Kwh	2331.8	2516.50
(iv)	Sale (outside the State)	Million Kwh	548.8	688.00
(v)	Rural Electrification	Per cent	100	100
6.	Roads/Communication			
(i)	Villages connected with roads	Number	7,910	7,922 (Upto September 2002))
(ii)	Motorable Roads	Km	22,763	23,436
(iii)	Jeepable Roads	Km	781	598
(iv)	Less than jeepable Roads	Km	3,959	3,771
(v)	Telephone sets	Number in lakh	4.44	4.74
(vi)	Vehicles (nationalised transport)	Number	1,832	1,785
7.	Irrigation			
	Irrigation potential created	Lakh Hectares	1.97	1.99
8.	Railway Lines			
(i)	Narrow Gauge	Length in kms	209	209
(ii)	Broad Gauge	Length in kms	16	16
9.	Per Capita Income at current prices	In lakh	0.21	0.23
10.	Houses	Number	58,096	60,234
11.	Agriculture Production	In lakh tonnes	15.99	17.75
12.	Fruit Production	In lakh tonnes	2.65	4.60

Source: 1. Figures obtained from Rural Development, Education (Primary and Secondary), Technical Education, Agriculture Census Departments and Bharat Sanchar Nigam Limited, etc.
 2. Extract from Brief Facts (2003) and Economic Review of Himachal Pradesh 2002-2003 published by the Economic and Statistics Department.

APPENDIX-X

(Refer paragraph 2.3.2; page 28)

Areas in which major savings occurred

(Rupees in crore)

Grant number	Major Head	Areas of major savings	Savings
08	2202	General Education – Elementary Education	1.12
	2202	Upgradation of standard of Administration recommended by 11 th Finance Commission (Secondary Schools)	5.32
09	2210	Medical and Public Health – Urban Health	3.41
	2210	Upgradation of standards of Administration recommended by 11 th Finance Commission	5.51
	2210	Other Health Services – Dental Clinic (Urban)	5.87
	2210	Ayurvedic Dispensaries	1.52
11	4401	Capital outlay on Crop Husbandry	1.89
	4402	Capital outlay on Soil and Water Conservation – Small Farmers Development Agency	1.85
15	2202	General Education – Government Primary Schools	7.25
	2202	Secondary Education – Secondary Schools	1.67
17	3054	District and Other Roads	1.64
	3054	Roads and Bridges	1.65
	3054	Direction and Supervision	7.38
29	2049	Interest Payments	31.03

APPENDIX-XI

(Refer paragraph 2.3.2; Page 28)

Details of significant savings alongwith main reasons

(Rupees in crore)

Sr. No.	Grant	Total Grants	Expenditure	Amount of saving (Percentage of savings)	Main reasons as furnished by Government
Revenue - Voted					
1	09-Health and Family welfare	367.73	271.93	95.80 (26)	Non-filling up of vacant posts, due to retention of plan liability in the plan side, payment of livery allowance in lieu of livery, less expenditure on medical claim and less purchase of material, non-transfer of staff, less receipt of bills, less intake of professional services and less engagement of home guards for security purposes.
2	15-Planning and Backward Area Sub-Plan	91.07	69.25	21.82 (24)	Reasons for final savings awaited.
3	16-Forest and Wild Life	150.32	137.40	12.92 (9)	Due to non-filling up of vacant posts, execution of less work and less expenditure on transfer TA claims.
4	19-Social Security and Welfare including nutrition	117.76	111.81	5.95 (5)	Mainly due to non-completion of formalities for purchase of computer, photocopier and a new vehicle, less repair of vehicles and less expenditure on liveries and hospitality.
5	27-Labour Employment and Training	21.74	19.56	2.18 (10)	Reasons for final savings awaited.
6	29-Finance	606.32	549.04	57.28 (9)	Due to less receipt of commutation cases, non-authorisation of gratuity for want of certain orders of State Government, less receipt of pension cases, etc.
Revenue - Charged					
7	29-Finance	1875.74	1472.77	402.97 (21)	Due to less payment of loans, less receipt of House Building Advance cases.
8	31-Tribal Development	1.13	--	1.13 (100)	Due to less purchase of office articles, vacant posts, less expenditure on travelling and less engagement of daily paid labourers, less touring and less receipt of medical claims, less organisation demonstration campus less purchase of improved implements for use of farmers, less organisation of training camps etc.
Capital Voted					
9	08-Education	31.37	24.10	7.27 (23)	Reasons for final savings awaited.
10	11-Agriculture	38.23	28.38	9.85 (26)	Due to less purchase of machinery and equipment, less execution of works.
11	17-Roads and Bridges	200.77	176.84	23.93 (12)	Reasons for final savings were awaited.
12	21-Co-operation	6.94	5.84	1.10 (16)	Reasons for final savings were awaited.
Total				642.20	

APPENDIX-XII

(Refer paragraph 2.3.6; Page 30)

Statement showing cases of unnecessary supplementary grants/appropriations

(Rupees in core)

Serial number	Grant	Original grant	Supplementary grant	Expenditure	Saving
Revenue – Voted					
1.	05-Land Service and District Administration	143.85	3.57	143.61	3.81
2.	08-Education	909.12	15.49	898.54	26.07
3.	15-Planning and Backward Area Sub-Plan	85.38	5.69	69.25	21.82
4.	19-Social Security and Welfare (Including Nutrition)	113.45	4.31	111.81	5.95
5.	29-Finance	605.92	0.40	549.04	57.28
	Total:	1857.72	29.46	1772.25	114.93
Capital – Voted					
6.	09-Health and Family Welfare	50.82	1.00	45.47	6.35
	Graud Total:	1908.54	30.46	1817.72	121.28

APPENDIX-XIII

(Refer paragraph 2.3.6; Page 30)

Statement showing cases where supplementary provision was made in excess of actual requirement

(Rupees in crore)

Serial number	Grant	Original provision	Expenditure	Additional requirement	Supplementary provision	Saving
	Revenue – Voted					
1.	03-Administration of Justice and Election	28.61	33.11	4.50	5.18	0.68
2.	07-Police and Allied Organisations	183.47	185.55	2.08	9.41	7.33
3.	11-Agriculture	71.77	73.57	1.80	3.05	1.25
4.	18-Supplies, Industries and Minerals	22.15	25.66	3.51	4.58	1.07
5.	20-Rural Development	85.67	89.23	3.56	4.39	0.83
	Total:	391.47	407.12	15.45	26.61	11.16

APPENDIX-XIV

(Refer paragraph 2.3.6; Page 30)

Statement showing cases where supplementary provision was inadequate

(Rupees in crore)

Serial number	Grant/ Appropriation	Original provision	Supplementary provision	Total provision	Expenditure	Excess over total provision
Revenue - Voted						
1.	04-General Administration	45.78	2.41	48.19	49.29	1.10
2.	10-Public Works Building	128.34	1.58	129.92	229.86	99.94
3.	12-Horticulture	48.29	6.30	54.59	64.49	9.90
4.	13-Irrigation and Flood Control	63.69	0.04	63.73	74.07	10.34
5.	23-Water and Power Development	61.63	0.61	62.24	150.53	88.29
6.	28-Water Supply, Sanitation, Housing and Urban Development	239.14	8.13	247.27	677.39	430.12
7.	31-Tribal Development	191.00	2.70	193.70	202.87	9.17
Total:		777.87	21.77	799.64	1448.59	648.86
Capital - Voted						
8.	15-Planning and Backward Area Sub-Plan	15.51	3.57	19.08	24.92	5.84
9.	23-Water and Power Development	93.98	1.00	94.98	98.98	4.00
10.	28-Water Supply Sanitation, Housing and Urban Development	138.32	50.12	188.44	194.70	6.26
11.	31-Tribal Development	57.21	5.57	62.78	73.81	11.03
Total:		305.02	60.26	365.28	392.41	27.13
Capital - Charged						
12.	29-Finance	889.94	43.40	933.34	4728.95	3795.61
Grand Total:		1972.83	125.43	2098.26	6569.86	4471.60

APPENDIX-XV

(Refer paragraph 2.3.7; Page 30)

Details of persistent savings/excesses

(Percentage of savings/excesses)

Serial number	Grants	2001-2002	2002-2003	2003-04
I-Savings				
A-Revenue-Voted				
1.	19-Social Security and Welfare (including nutrition)	5	7	5
B-Capital-Voted				
2.	17-Roads and Bridges	45	40	12
3.	21-Co-operation	33	21	16
H-Excesses				
C-Revenue-Voted				
4.	10-Public Works	31	51	77
5.	28-Water Supply, Sanitation, Housing and Urban Development	35	29	174
6.	31-Tribal Development	15	8	5
D-Capital-Charged				
7.	29-Finance	813	564	407

APPENDIX-XVI

(Refer paragraph 2.3.8; Page 30)

Surrender of Funds

I. Details of major variations where savings were more than Rs 1 crore and were either not fully surrendered or not surrendered at all

(Rupees in crore)

Serial number	Grant	Total savings	Amount surrendered	Amount not surrendered
Revenue-Voted				
1.	08-Education	26.07	2.21	23.86
2.	09-Health and Family Welfare	95.80	84.91	10.89
3.	15-Planning and Backward Area Sub-Plan	21.82	16.48	5.34
4.	29-Finance	57.28	--	57.28
	Total:	200.97	103.60	97.37
Revenue-Charged				
5.	29-Finance	402.97	371.94	31.03
6.	31-Tribal Development	1.13	--	1.13
	Total:	404.10	371.94	32.16
Capital-Voted				
7.	9-Health and Family Welfare	6.35	6.10	0.25
8.	11-Agriculture	9.85	8.00	1.85
	Total:	16.20	14.10	2.10
	Grand Total:	621.27	489.64	131.63

II. Details showing surrender of funds more than available savings

Serial number	Grant	Amount of savings	Amount surrendered
Revenue-Voted			
1.	05-Land Revenue and District Administration	3.81	5.47
2.	07-Police and Allied Organisations	7.34	7.79
3.	11-Agriculture	1.25	3.11
4.	14-Animal Husbandry, Dairy Development and Fishries	1.22	1.41
5.	16-Forest and Wildlife	12.92	12.94
6.	19-Social Security and Welfare (Including Nutrition)	5.95	6.38
7.	27-Labour, Employment and Training	2.18	2.26
8.	31-Tribal Development	--	9.12
	Total:	34.67	48.48
Capital-Voted			
9.	17-Roads and Bridges	23.93	24.23
	Grand Total:	58.60	72.71

III. Details of surrender of funds inspite of overall excess expenditure

Serial number	Grant	Amount of excess expenditure	Amount surrendered
Revenue-Voted			
1.	13-Irrigation and Flood Control	10.34	0.16
2.	31-Tribal Development	9.17	9.12
	Total:	19.51	9.28

APPENDIX-XVII

(Refer paragraph 2.3.9; Page 31)

Major variation in recoveries**Details of major variations in recoveries and actual adjusted in reduction of expenditure****(Rupees in crore)**

Serial number	Grant	Budget estimates	Actual recoveries	Variation			
				Excess recoveries against budget estimates		Amount	Percentage
				Revenue			
1.	10-Public Works Buildings	95.44	186.66	91.22	96		
2.	13-Irrigation and Flood Control	5.88	8.18	2.30	39		
3.	28-Water Supply, Sanitation, Housing and Urban Development	7.65	226.47	218.82	2860		
4.	31-Tribal Development	10.35	30.71	20.36	197		
Capital							
5.	13-Irrigation and Flood Control	38.30	55.19	16.89	44		
Less recoveries against budget estimates							
Capital							
6.	11-Agriculture	24.10	21.27	2.83	12		
7.	12-Horticulture	7.40	6.30	1.10	15		
8.	17-Roads and Bridges	4.17	2.19	1.98	47		
9.	31-Tribal Development	1.42	0.72	0.70	49		

APPENDIX XVIII

(Refer paragraph 2.3.10; Page 31)

Cases of injudicious reappropriations

I. Cases of major reappropriations which turned out injudicious on account of non-utilisation

(Rupees in lakh)

Serial number	Grant	Major/ minor/ sub-head of account, etc.	Amount of reappropriation to the sub-head	Amount of final saving under the sub-head after reappropriation
1.	04-General Administration	2053-800-01	0.24	5.50
2.	10-Public Works Buildings	2059-80-53-01	3.00	48.31
3.	29-Finance	2049-200-01 2049-200-17 2071-102-02 6003-109-12	2963.23 1874.24 5021.76 2678.60	7346.85 1974.75 6545.86 6203.92
4.	31-Tribal Development	2053-796-04 2702-80-796-06	37.37 0.09	149.09 15.88
Total:			12578.53	22290.16

II. Cases of major reappropriations to other heads which led to final excesses under the following sub-heads

Serial number	Grant	Major/minor/ sub-head of account, etc.	Amount of reappropriation from the sub-head	Amount of final excess under the sub-head after reappropriation
1.	03-Administration of Justice and Election	2015-106	1.50	49.97
2.	07-Police and Allied Organisations	2055-111-01 2070-107-01 2070-107-02 2070-107-03	0.71 7.48 7.34 7.76	38.53 20.86 294.61 21.31
3.	08-Education	2202-01-101-01	97.41	439.71
4.	09-Health and Family Welfare	2210-04-101-01 4210-03-110-01	1.82 17.03	10.75 27.63
5.	11-Agriculture	2402-102-16	0.36	12.65
6.	12-Horticulture	2401-119-05-49	0.11	20.27
7.	13-Irrigation and Flood Control	2702-80-001-01 4702-101-03 4702-101-06	14.30 46.71 16.54	359.01 65.04 190.82
8.	29-Finance	2049-200-03 2071-105-02	14.22 5700.00	45.43 6091.59
Total:			5933.29	7688.18

APPENDIX-XIX

(Refer paragraph 3.1.13; Page 39)

Staff position of Health and Family Welfare Department as on 31.10.2003

Sr. No.	Name of Category	Number of posts		
		Sanctioned	In Position	Vacant
1.	2.	3.	4.	5.
1.	Director of Health Services	1	1	0
2.	Joint Director of Health Services	4	3	1
3.	Deputy Director of Health Services	6	6	0
4.	Deputy Director (IEC)	1	0	1
5.	Deputy Director (Civil Registration)	1	1	0
6.	Assistant Director (Nursing)	1	1	0
7.	Assistant Director Physiotherapy	1	1	0
8.	Doctors	1498	1360	138
9.	District Family Welfare Officer (NM)	10	1	9
10.	Nursing Principal Officer	1	0	1
11.	Communication Officer	1	1	0
12.	Public Analyst-cum-Chemical Examiner	1	0	1
13.	Chief Technical Officer	1	0	1
14.	Deputy Public Analyst	2	1	1
15.	Deputy Government Analyst	2	1	1
16.	Senior Scientist	5	4	1
17.	Junior Scientist	5	0	5
18.	Senior Analyst	10	0	10
19.	Junior Analyst	10	8	2
20.	Mass Education and Information Officer	12	1	11
21.	Statistician	7	7	0
22.	Research Officer/(Statistician)	1	1	0
23.	Technical Officer	1	0	1
24.	Cold Chain Officer	1	1	0
25.	Assistant Drug Controller	1	1	0
26.	Administrative Officer	2	2	0
27.	Superintendent Grade-I/Hospital	10	9	1
28.	Store Officer	12	0	12
29.	Sr. Refractionist	5	1	4
30.	Superintendent Grade-II	24	23	1
31.	Senior Assistant	210	178	32
32.	Junior Assistant/Clerks	707	684	23
33.	Personal Assistant	3	3	0
34.	Private Secretary	1	1	0
35.	Senior Stenographer	7	6	1
36.	Junior Stenographer	5	3	2

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1.	2.	3.	4.	5.
37.	Steno-Typist	32	20	12
38.	Senior Statistical Assistant	38	17	21
39.	Junior Statistical Assistant	14	14	0
40.	Computers	101	76	25
41.	Legal Assistant	2	1	1
42.	Hostel Manager	3	2	1
43.	Record Officer	1	1	0
44.	Nursing Superintendents	9	4	5
45.	Principal Nursing Officers	7	3	1
46.	Sister Tutor	41	41	0
47.	Matrons	38	36	2
48.	Ward Sister	282	262	20
49.	Staff Nurses	1540	1319	221
50.	Public Health Nurse	30	21	9
51.	ANMs (Designated Staff Nurse)	258	201	57
52.	Health Supervisors (Female)	350	348	2
53.	Health workers (Female)	2210	1822	388
54.	Nursing Orderly	55	38	17
55.	Dais	467	303	164
56.	Operation Theatre Assistant	116	75	41
57.	Chief Pharmacist	80	75	5
58.	Pharmacist	854	742	112
59.	Radiographer	197	179	18
60.	Ophthalmic Assistant	145	95	50
61.	Chief Laboratory Technician	40	35	5
62.	Senior Laboratory Technician	654	541	113
63.	X-Ray Assistant	11	7	4
64.	Electrician	8	5	3
65.	Refrigerators Mechanic	5	2	3
66.	Malaria Mechanic	5	3	2
67.	Refractionist	9	1	8
68.	ECG Technician	26	0	26
69.	Laboratory Assistant	132	85	47
70.	Dietician	4	2	2
71.	Plumber	5	4	1
72.	Health Supervisor (Male)	413	330	83
73.	Health Worker (Male)	2005	1411	594
74.	Assistant Leprosy Officer	15	6	9
75.	Leprosy Worker	91	35	56
76.	Junior Bio-Chemist	2	2	0
77.	CSS Technician	6	5	1
78.	Extension Educators	81	0	81

1.	2.	3.	4.	5.
79.	Social Science Instructor	1	0	1
80.	Assistant Editor/Editor-cum-Journalist	1	0	1
81.	Drugs Inspector	12	10	2
82.	Assistant Publicity Officer	1	0	1
83.	Projectionist/Project Operator	22	6	16
84.	Artist-cum-Photographer	11	8	3
85.	Food Inspectors	12	10	2
86.	Assistant Malaria Officer	24	21	3
87.	Public Health Assistant	3	1	2
88.	FP Field Worker	6	6	0
89.	Health Educator/FP Social Worker	81	58	23
90.	Health Education Extension Officer	1	1	0
91.	Senior Sanitarian	2	0	2
92.	Drivers	363	312	51
93.	Class IV Servants	2247	1743	504
94.	Sweepers	915	774	141
95.	Tailors	11	5	6
96.	Dressers	6	0	6
97.	Cleaners	30	7	23
98.	Physiotherapist	5	3	2
99.	Public Health Nurse Instructor	2	0	2
100.	Occupation Therapist	1	1	0
101.	Daftri-cum-Binder	4	1	3
102.	Head cook	1	0	1
103.	Jamadar	1	0	1
104.	Entomological Assistant	1	1	0
105.	Insect Collector	1	1	0
106.	Medical Social Worker	1	1	0
107.	Pipeline Attendant	2	2	0
108.	Pipeline Technician	2	2	0
109.	Physician Technician	2	2	0
110.	Sanitary Supervisor	6	4	2
111.	Supervisor field Worker	6	5	1
112.	House Keeper	6	3	3
113.	Gestetnor Operator	1	0	1
Total:		16,743	13,467	3,276

APPENDIX-XX

(Refer paragraph 3.1.23; Page 41)

**Statement showing the names of Community Health Centre/Primary Health Centres/
Civil Dispensaries that functioned without Doctors**

Serial number	Name of District	Serial number	Name of Institution
1	Bilaspur	1	PHC, Talai
		2	PHC, Bheri
		3	CD, Charol
		4	CD, Kuh-majhwar
		5	CHC, Markand
2	Chamba	6	PHC, Shakati-dehra
		7	PHC, Kohlari
		8	CD, Dhullara (Choori)
		9	CD, Dhullara (Smote)
		10	CD, Bhanad
		11	CD, Wanghal
3	Kangra	12	PHC, Khaira
		13	PHC, Jalag
		14	PHC, Takipur
		15	CD, Khaniara
		16	PHC, Ichhi
		17	PHC, Kherian
		18	CD, Dhaloon
		19	PHC, Kuther
		20	PHC, Kasba Kotla
		21	CD, Sunehat
		22	PHC, Masroor
		23	PHC, Dola Kherian
		24	PHC, Kothi Kohar
4	Kinnaur	25	PHC, Lippa
5	Kullu	26	PHC, Raison
6	Mandi	27	PHC, Pali
		28	PHC, Sidhyani
		29	PHC, Gopalpur
		30	PHC, Gada gusain
		31	PHC, Pandol
		32	PHC, Cholthra
		33	PHC, Mandap
		34	PHC, Balh Tikka
		35	PHC, Asla
		36	PHC, Bahali
7	Shimla	37	PHC, Badiyara
		38	PHC, Bara gaon
		39	PHC, Balson
		40	CD, Dhar gaura
		41	CD, Mandhol
		42	PHC, Koti Dhiman
8	Sirmour	43	PHC, Haripurdhar
		44	CD, Chokar
		45	PHC, Rohnat
		46	PHC, Parara
		47	PHC, Bhumti
9	Solan	48	PHC, Kurgal
		49	CD, Battal
		50	CD, Baroona
		51	CD, Kwarni

APPENDIX-XXI

(Refer paragraph 3.1.23; Page 41)

Statement showing the names of Health Sub Centres that functioned without employees

Serial number	Name of District	Serial number	Name of Institution
1.	2.	3.	4.
1	Bilaspur	1	Malroun
		2	Bharoli kalla
		3	Dohlera
		4	Naghia
		5	Tepa
		6	Dahbar
		7	Jamdori
		8	Thana Kolia
		9	Nakrana
		10	Lakhala
2	Chamba	11	Taggi
		12	Kunr
		13	Ladhan
		14	Bhodas
		15	Sanwal
		16	Kolal
		17	Salli
		18	Hilutwal
		19	Shoon
		20	Bhadla
		21	Kuned
		22	Bhandal
		23	Kandhwara
		24	Ayal
		25	Bihalu
		26	Bharan
		27	Bhalei
		28	Bhing
		29	Telka
		30	Kuwarsi
		31	Karwal
		32	Jatkari
		33	Dharoon
		34	Gagahar
		35	Samra
		36	Khareda
		37	Deola
		38	Karoon
3	Hamirpur	39	Kathiana
		40	Putrial
		41	Bhou
		42	Sadho
		43	Kotlu
		44	Paplah

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1.	2.	3.	4.
4	Kangra	45	Basaral
		46	Ghalian
		47	Bathra
		48	Swana
		49	Samnoli
		50	Malout
		51	Nalsua
		52	Chamukha
		53	Chaplah
		54	Kouna
		55	Baar
		56	Dhandole
		57	Jamrella
		58	Nalhouta
		59	Bharerh
		60	Mour
		61	Mahadev
		62	Sehorballa
		63	Balera
		64	Kuthar
5	Kinnaur	65	Tashigang
		66	Kanai
6	Lahaul-Spiti	67	Kuthar
		68	Khanjar
7	Mandi	69	Balhra
		70	Shivakuthre
		71	Bhatkidhar
		72	Salot
		73	Khunachi
		74	Kalhani
		75	Didder
		76	Jughand
		77	Kanusench
		78	Telehan
		79	Khaneol Bagra
		80	Sarahan
		81	Teben
		82	Kolang
		83	Bhalan
		84	Kinder
		85	Mahala
		86	Doghari
		87	Badhu
		88	Batwara
8	Shimla	89	Kut
		90	Mograh
		91	Sharmala
		92	Karchari
		93	Kyarvi
		94	Deoth
		95	Malkoon
		96	Gajandli

1.	2.	3.	4.
		97	Kashdhar
		98	Kharshali
		99	Manevti
		100	Kandal
		101	Jakhore
		102	Panchbhai
		103	Sare
		104	Thundal
		105	Majhoati
		106	Jubbli
9	Sirmour	107	Bhatgarh
		108	Bhutli Manal
		109	Bharari
		110	Jammu Koti
		111	Chhogboggar
		112	Jarag
		113	Lanamassor
		114	Dana
		115	Ghel
		116	Badhol
		117	Bhallad
		118	Sail Pab
		119	Trimalga
		120	Korag
		121	Panog
		122	Rohnat
		123	Gantoli
		124	Kunth
		125	Dharkoti
		126	Hallhan
		127	Lozamanal
		128	Millah
		129	Bambal
		130	Chimanji
		131	Kotla Molaar
		132	Barthal Madhna
		133	Chacheti
		134	Jamna
		135	Kafota
		136	Korga Sakholi
		137	Kanti Mashwa
		138	Palhoori
		139	Poka
		140	Sawga
		141	Sharli Manpur
		142	Taru Bhaila
10	Solan	143	Abern
		144	Souri
		145	Thane
		146	Bhatoli Kalan
		147	Barain

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1.	2.	3.	4.
		148	Bhanglan
		149	Rehru
		150	Tirla
		151	Rajwan
		152	Lunas
		153	Nagar
		154	Mallani
		155	Utparthana
		156	Vaid Johar
		157	Jhukhari
		158	Rajwain
		159	Sulna
		160	Behli
		161	Bhatlog
		162	Ukkhu
		163	Bhiyukhri
		164	Siacharog
		165	Gharer
		166	Badonighat
		167	Chadyar
		168	Pratha
		169	Chamo
		170	Gulari
		171	Sandhog
		172	Ganagughat
11	Una	173	Lohara
		174	Dilkari
		175	Charwagh
		176	Dhanokpura
		177	Chugad
		178	Paraian
		179	Tanoh
		180	Bharmout
		181	Bhindla
		182	Daloh

APPENDIX-XXII

(Refer paragraph 3.1.44; Page 46)

Statement showing the targets and achievements of National Demographic Indicators as on 31st March 2004

Sr No.	Demographic Indicators	Goal for 2000 AD	Achievement (upto 2002-2003)	Shortfall, if any
1	Infant mortality rate (per 1000 population)	Below 60	58	
2	Pre-natal mortality rate (per 1000 population)	30-35	52	17-22
3	Crude Death rate (per 1000 population)	9	7.5	-
4	Child mortality rate (0-5 year) (per 1000 population)	10	13	3
5	Maternal mortality rate (per 1000 population)	Below 2	NA	NA
6	Life expectancy at birth (Years)	64	65	-
7	Babies with birth weight below 2500 grams (Percentage)	10	NA	NA
8	Birth rate (2002)	21	21	-
9	Effective couple protection rate (Percentage)	60	50	10
10	Reproduction rate	1	1	-
11	Growth rate (annual)	1.20	1.73	-
12	Family size	2.3	NA	NA
13	Pregnant mothers receiving ante-natal (Percentage)	100	72	28
14	Delivery by trained attendant (Percentage)	100	51	49
15	Immunization status coverage (Percentage)			
(i)	TT for pregnant woman	100	95	5
(ii)	TT for school children (a) 10 years (b) 16 years	100 100	100 85	- 15
(iii)	DPT infants	85	103	-
(iv)	Polio infants	85	103	-
(v)	BCG infants	85	110	-
(vi)	DT (5-6 years)	85	93	-

APPENDIX-XXIII

(Refer paragraph 3.1.48; Page 47)

Statement showing position of idle/non-functioning/surplus machinery and equipment as on 31st March 2004

(Rupees in lakh)

Sr. No.	Name of Hospital	Name of Machinery and equipment	Date of purchase	Cost	Since when lying idle/ Non-functional/ surplus	Total period (Months)	Reasons
1.	2.	3.	4.	5.	6.	7.	8.
1	ZH, Mandi	Incinerator	March 1998	11.06	March 1998	73	Delay in installation and low voltage.
2	ZH, Mandi	Bed.elevator (Phase-I building)	1988-89	3.93	March 2002	25	For want of repair and maintenance
3	ZH, Mandi	Bed elevator (Phase-II building)	1992-93	7.81	September 2001	31	For want of repair and maintenance
4	ZH, Nahan	Incinerator	1997-98	8.38	1997-98	84	Non-construction of basic structure
5	DH, Rekong Peo	Incinerator	December 1998	7.24	October 2001	30	For want of repair
6	DH, Rekong Peo	Ventilator model machine	June 2001	8.27	June 2001	34	Non-posting of trained physician/ Anesthetist
7	DH, Rekong Peo	Laproscope	March 1987	2.25	February 1997	86	For want of repair
8	DH, Rekong Peo	Laproscope	July 1987	2.25	March 1998	73	Surplus
9	DH, Rekong Peo	X-ray plant 300 MA	June 1984	5.70	November 2001	29	Surplus
10	DH, Rekong Peo	X-ray plant 100 MA	June 1996	1.25	October 1999	54	Surplus
11	DH, Rekong Peo	Defibrillator Monitor Recorder	June 2001	3.59	November 2002	17	Non-posting of trained physician
12	DH, Rekong Peo	Blood Analyser	June 1998	1.77	June 1998	70	Surplus
13	RH, Sarkaghat	Ultrasound Scanner	February 1995	6.10	February 1997	86	Not in working order
14	CH, Poanta Sahib	Dental X-ray Machine	March 1996	0.44	August 1999	56	Not in working order
15	CH, Poanta Sahib	Ultra sonic scaler (Dental)	March 1999	0.25	March 2003	13	Defective
16	CH, Raj garh	ECG Machine	June 1999	0.33	June 1999	58	Surplus
17	CH, Sandhole	X-ray plant	May 1983	0.80	June 1999	58	Not in working order
18	CH, Sandhole	X-ray plant	March 2003	1.65	May 2003	11	Non-posting of Radiographer
19	CH, Sandhole	ECG Machine	May 1989	0.20	May 1989	179	Non-posting of ECG Technician
20	CH, Sarahan	Semi-automatic Chemistry Analyser	July 1998	1.77	July 1998	69	Not installed for want of other accessories
21	CH, Sarahan	Anesthesia apparatus	September 1998	1.33	September 1998	67	Lack of Operation Theatre and non-posting of surgeon

Appendices

1	2	3	4	5	6	7	8
22	CH, Sarahan	Halothane vaporizer	September 1998	0.74	September 1998	67	-do-
23	CH, Sarahan	Cardiac Breath ventilator	March 1999	1.81	September 1998	61	Non-posting of Anesthetist
24	CH, Sundemagar	Ultrasound Machine	April 1999	4.54	April 1999	60	Technical fault
25	CHC, Gohar	Cardiac Breath Ventilator	November 1999	1.74	November 1999	53	Delay in completion of hospital building
26	CHC, Pooh	X-ray plant	October 1987	1.50	November 1988	185	Non-posting of Radiographer
27	CHC, Pooh	Blood Analyser	December 1993	0.28	September 1998	79	Non-providing of reagent by the department
28	CHC, Rajpur	ECG Machine	January 1999	0.20	March 2001	37	Non posting of ECG Technician
29	CHC, Sangla	Ultrasound Machine	June 1999	4.54	June 1999	58	Non-availability of room and trained Radiologist
30	PHC, Balichowki	X-ray plant	January 2003	1.65	January 2003	15	Non-posting of Radiographer
31	PHC, Haripurdhar	X-ray plant 100 MA	February 1998	4.05	December 2002	16	Technical fault
32	PHC, Riba	X-ray plant 100 MA	June 1998	4.05	June 1998	70	Non-posting of Radiographer
33	PHC, Sangrah	X-ray plant 100 MA	January 1998	4.05	February 1998	74	Non-availability of dark room and Radiographer
34	PHC, Spillov	X-ray plant 100 MA	June 1998	4.05	June 1998	70	Non-availability of dark room and Radiographer
Total:				109.57			

APPENDIX-XXIV

(Refer paragraph 3.2.5; Page 53)

Year-wise and Phase-wise details of the roads and funds approved by Government of India under PMGSY in the State

(Rupees in crore)

Year	Phase	Number of roads	Funds approved	Roads completed	Expenditure incurred	Percentage achievement	Shortfall (Percentage)	Remarks
2000-01	I	127	60.00	125	59.76	98	2	
2001-02	II	245	128.93	149	104.02	61	39	
2002-03	-	-	-	-	-	-	-	(i) During 2002-03 no packages were approved.
2003-04	III	151	70.86	-	7.06	-	100	(ii) The roads approved under phase-III were either at award stage or were awarded recently.
Total		523	259.79	274	170.84			

APPENDIX-XXV

(Refer paragraph 3.2.6; Page 53)

Details of villages which were to be provided connectivity through all weather roads by the year 2007

(Rupees in crore)

Sr. No.	District	Number of villages having population between			Number of roads	Approximate cost
		250-499	500-999	1000 and above		
1.	Bilaspur	134	50	11	172	129.39
2.	Chamba	263	108	2	275	471.26
3.	Hamirpur	92	19	3	79	65.90
4.	Kangra	413	132	18	453	240.20
5.	Kinnaur	32	13	2	38	71.55
6.	Kullu	10	32	78	114	234.53
7.	Lahaul and Spiti	9	1	-	9	19.67
8.	Mandi	479	137	11	425	465.45
9.	Shimla	365	118	20	359	601.72
10.	Sirmour	144	75	29	166	330.63
11.	Solan	111	19	9	134	118.00
12.	Una	44	30	46	110	56.52
Total:		2096	734	229	2334	2804.82

APPENDIX-XXVI

(Refer paragraph 3.2.7; Page 53)

Detail of the roads identified for providing connectivity to the villages having population of 1000 and above under PMGSY 2001-02 Phase-II
(Rupees in lakh)

Sr. No.	Name of district	Completed road works					Incomplete road works					Roads approved against (PMGSY) 2001-2004 (Phase-II)				Roads still awaiting approval for providing connectivity to the villages having population of 1,000 and above			
		No. of roads	Length in kms.	Villages (No.)	Amount approved by GOI	Expenditure upto 03/2004	No. of roads	Length in kms	Villages (No.)	Amount approved by GOI	Expenditure upto 03/2004	No. of roads	Length in kms	Villages (No.)	Amount approved by GOI	No. of roads	Length in kms	Villages (No.)	Approximate cost
1.	Bilaspur	2	6.000	2	99.10	92.47	2	9.500	2	164.84	146.03	4	22.270	4	319.15	3	13.500	3	184.24
2.	Chamba	1	3.000	1	41.19	27.86	--	--	--	--	--	--	--	--	--	1	7.000	1	239.00
3.	Hamirpur	1	5.150	1	79.97	76.03	--	--	--	--	--	1	4.000	1	62.32	1	1.200	1	73.60
4.	Kangra	14	24.740	14	298.48	276.95	--	--	--	--	--	3	14.000	3	143.10	1	2.000	1	45.50
5.	Kinnaur	--	--	--	--	--	--	--	--	--	--	--	--	--	--	2	12.500	2	397.47
6.	Kullu	1	6.000	1	77.02	51.63	4	24.000	4	340.28	187.59	2	22.500	2	290.29	65	856.190	71	16709.00
7.	Lahaul and Spiti	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
8.	Mandi	1	6.650	1	70.20	52.67	2	14.000	2	176.84	91.03	--	--	--	--	7	25.200	8	320.63
9.	Shimla	1	8.000	1	96.12	80.93	6	34.330	6	493.08	340.99	--	--	--	--	12	192.205	13	3823.08
10.	Sirmour	3	13.000	6	206.78	189.74	3	12.000	4	220.18	173.50	2	9.000	2	62.53	16	193.325	17	4706.78
11.	Solan	2	1.620	2	18.68	18.68	6	24.900	6	317.60	264.79	--	--	--	--	1	1.300	1	10.00
12.	Una	11	50.815	12	454.10	417.96	3	9.750	3	134.95	114.83	4	14.135	4	192.76	27	105.795	27	1316.00
Total:		37	124.975	41	1441.64	1284.92	16	128.480	17	1047.77	1318.76	16	85.905	16	1070.15	136	1410.215	145	27825.30

APPENDIX-XXVII

(Refer paragraph 3.2.10; Page 54)

Detail of the roads taken up for providing connectivity during 2001-02 (Phase-II)

(Rupees in lakh)

Sr. No.	District	Number of roads	Number of villages in the population range between			Amount approved	Roads completed and villages covered				Incomplete roads and villages still uncovered				Expenditure upto March 2004	
			250-499	500-999	1000 and above		Number of roads	250-499	500-999	1000 and above	Number of roads	250-499	500-999	1000 and above	On completed roads	On incomplete roads
1.	Bilaspur	10	--	06	04	541.74	08	--	06	02	02	--	--	02	353.26	146.03
2.	Chamba	20	11	20	01	1024.53	16	09	16	01	04	02	04	--	675.19	129.87
3.	Hamirpur	21	24	07	01	1191.52	10	11	04	01	11	13	03	--	580.72	362.07
4.	Kangra	74	42	53	14	2670.87	63	37	43	14	11	05	10	--	2068.80	287.23
5.	Kinnaur	07	05	04	--	390.72	03	02	02	--	04	03	02	--	152.56	123.52
6.	Kullu	10	01	05	05	741.24	01	--	--	01	09	01	05	04	51.63	381.28
7.	Lahaul and Spiti	02	01	01	--	230.73	01	01	--	--	01	--	01	--	71.43	85.62
8.	Mandi	31	30	25	03	1856.92	13	06	10	01	18	24	15	02	530.86	854.86
9.	Shimla	21	08	10	07	1611.67	09	02	07	01	12	06	03	06	580.30	684.47
10.	Sirmour	13	06	10	10	832.57	06	01	06	06	07	05	04	04	333.16	361.00
11.	Solan	19	10	06	08	959.08	05	03	--	02	14	07	06	06	163.24	651.81
12.	Una	17	03	03	15	841.82	14	03	03	12	03	--	--	03	657.93	114.83
Total:		245	141	150	68	12893.41	149	75	97	41	96	66	53	27	6239.08	4152.59

Note: Number of villages include those villages also which are being covered incidentally.

APPENDIX-XXVIII

(Refer paragraph 3.2.52; Page 62)

Statement showing the road works held up due to involvement of railway activities/dispute over private land
(Rupees in lakh)

Sr. No.	Name of Division	Name of road	Phase	Amount sanctioned	Date of commencement	Date since when construction held up	Expenditure upto March 2004	Reasons
1.	Bharwain	(i) Link road to village Satothar to Dhussara km 0/0 to 4/800	Phase-II	62.63	2002-03	06/2002	52.28	Due to railway activities in 336 metres (02/764 to 03/100).
		(ii) C/o Link road to Bhaira to Hamboli via Beri km 0/0 to 02/950	Phase-II	33.72	2002-03	06/2002	27.25	Due to railway activities in 285 metres (0/790 to 01/075). The SE, 15 th Circle, Una stated (February 2004) that the matter is being pursued with the railway authorities to get the works completed at the earliest.
2.	Chopal	C/o road from Lani to Bamta	Phase-II	52.25	10/2002	08/2003	50.00	Dispute over private land. The case stands submitted (October 2003) to the SE, 2 nd Circle, Shimla.
3.	Kullu-I	C/o Link road to village Ratocha	Phase-II	96.94	06/2002	08/2003	59.64	Due to land dispute. The XEN stated (April 2004) that the efforts were being made to settle the dispute amicably with the land owners. He further stated that the work will be restarted after settlement of the dispute as earlier the land owner had agreed to donate land but subsequently did not allow construction in about 300 metres.
4.	Kullu-II	C/o Bhutti Bhalyani road 0/0 to 5/0	Phase-I	67.00	12/2001	09/2002	67.00	Involvement of private land. The XEN stated (April 2004) that the land acquisition proceeding had been initiated and notification u/s 4 issued in March 2003. Further outcome awaited.
5.	Una	C/o Link road to village Tabba	Phase-II	38.60	06/2002	10/2002	35.30	Due to land dispute with the land owner in 140 metres (km 0/300 to 0/440). The SE, 15 th Circle, Una stated (February 2004) that every effort was being made by the Divisional Officer to get the land dispute settled by the concerned Panchayat.
Total:				351.14			291.47	

APPENDIX-XXIX

(Refer paragraph 3.6.7 Page 82)

Statement showing details of works sanctioned, completed and those remaining incomplete

(Rupees in crore)

Sr. No.	Name of unit	Period during which works were sanctioned	Number of schemes sanctioned	Amount sanctioned	Number of works completed	Percentage of completed works	Amount spent	Percentage of expenditure
1.	Deputy Commissioner, Shimla	2000-03	253	1.95	22	9.00	0.15	8
2.	Deputy Commissioner, Hamirpur	2000-03	266	4.50	229	86.09	3.02	67
3.	Deputy Commissioner, Mandi	2000-03	518	6.74	291	56.18	3.41	51
4.	Deputy Commissioner, Shimla	2000-03	277	5.28	167	60.28	2.78	53
Total			1,314	18.47	709	54.00	9.36	

Number of works remaining incomplete: 605

Funds remaining unspent: 9.11 crore

APPENDIX-XXX

(Refer paragraph 4.12; Page 96)

Statement showing held up building works

Sr. No.	Name of Division	Name of the Work	Particulars of A/A and E/S Month/ year	Amount (Rs in lakh)	Particulars to T/S	Stipulated period of completion (in years)	Date of start of work	Budget allotment (Deposit funds) (Rs in lakh)	Expenditure incurred to date (Rs in lakh)	Date since when held up	Reasons for which held up	Remarks
1.	Kumarsain	Construction of High School building at Basantpur	December 1998	25.79	Not obtained	Two	March 1999	19.20	16.31	January 2001	Non-completion of work attributed to non-providing of sufficient funds by the Education Department.	--
								(1996-97 to 2002-03)				
2.	Rampur Bushehar	Construction of Government High School at Narain	November 1995	20.19	Not obtained	Two	November 1998	10.50	19.71	November 2000	The remaining work of water supply and sanitary installation not done due to non-receipt of funds from Education Department.	The building consisting of four class rooms, Principal room and staff room completed in November 2000 but possession not taken over by the Education Department.
								1997-98 to 2003-04				
3.	Rampur Bushehar	Construction of Primary Health Centre building at Belupul in Tehsil Rampur	August 1997	26.33	Not obtained	Two	May 2001	23.50	27.55	January 2003	Building work completed. Further work of water supply and sanitary installation, outside plastering, ceiling work, boundary wall and approach road not executed due to non-allotment of funds by the Medical Department.	--
								1997-98 to 2003-04				
4.	Dharamsala	Construction of 5 No. barracks under 9 th Finance Commission for Himachal Pradesh Armed Police, 2 nd Battalion at Sakoh in District Kangra (changed to 4 no. barracks as per allotment of funds).	April 1989	24.00 (Proportionate amount for one barrack against cost of 4 barracks as Rs 96 lakh)	Not obtained	One	August 1989	--	35.00 (4 th Barrack)	January 2000	Finishing work in progress.	--
			Total	96.31					96.57			

APPENDIX-XXXI

(Refer paragraph 4.13; Page 97)
Statement showing road works held up

Sr. No.	Name of Division	Name of the road	Particulars of A/A and E/S		Particulars of T/S	Stipulated period of completion	Date of commencement	Todate expenditure (Rs in lakh)	Month/year since the work held up	Remarks
			Month/Year	Amount (Rs in lakh)						
1.	Ghumarwin	Harlog Mehran Jolplakhin road	June 1979	1.97	Not obtained	Not available	Not available	10.19	October 2001	Forest case in process.
2.	Karchham	Shong-Thong Barang road	June 1995	7.08	Not obtained	Six months	September 1997	69.96	1999	Case with forest department
3.	Rajgarh	Sultanpur Mari-ka-Ghat road	March 1983 to May 1988	22.64	Not obtained	Three years	1986	2.37	October 1996	Case under process
		Naina Tikkar Dagothar road	January 1982	12.96	Not obtained	Three years	1989	2.33	October 1996	Case under preparation in Dilman Sub-division
		Link road Daul to Triga Pollgota Thandidhar	July 1981	6.16	Not obtained	Two years	1980	2.63	1985-86	--
4.	Rampur Bushehar	Addu (Mehridhar) Nagaline road	July 1988	25.92	Not obtained	Three years	1992	14.29	March 2003	The case under process in forest department
		Total:		76.73				101.77		

APPENDIX-XXXII

(Refer paragraph 4.13; Page 97)

Statement showing details of bridge works held up in Sundernagar division

Sr. No.	Name of the bridge work	Particulars of A/A and E/S		Stipulated period of completion	Date of start of work	Budget allotted to date	Expenditure incurred till date	Date since held up	Work done till date	Remarks
		Month/Year	Amount (Rs in lakh)			(Rs in lakh)				
1.	Construction of 31.08 metres span vented cause way over Monarb Nallah on Chail Gohar Pandoh road at km 27/550	July 1987.	8.41	Three years	April 1997 Sub-structure) January 2000 (Super-structure)	10.00	18.51	June 2002	Work of sub-structure executed and completed upto the level below the bed blocks. Regarding super-structure, fabrication work executed to extent of 80 per cent.	Work held up due to paucity of funds
						(1992-93 to 2003-04) upto 08/2003				
2.	Construction of 25 metres effective span RCC box girder bridge over Ghāngal khad on BSL colony to Chambī road at RD 0/270	September 1998	23.40	Three years	September 1999	21.84	5.61	August 2000	Both sides abutments completed.	
						(1992-93 to 2003-04)				
3.	Construction of 10 metre span RCC slab type bridge over Dhangyara khad on Kot Devidarh road km 15/150	December 1992	5.00	One year	July 1999	0.81	5.57	May 2001	Work of one side abutment completed upto height of 4.70 metres.	
						(1998-99 to 2003-04)				
4.	Construction of bridge over Gharalla khad on Kateru Paura Kothi road	August 1993	22.25	Two years	April 1997	31.92	5.23	March 1998	Both sides abutments completed.	The delay in completion attributed to time taken to re-award the work after cancellation of first contract and delay in approval of drawings of the bridge.
						(1992-93 to 2003-04) including funds under deposit head.				
	Total:		59.06			64.57	34.91			

APPENDIX-XXXIII

(Refer paragraph 4.20; Page 104)

Statement showing details of water supply schemes execution of which was held up

Sr. No.	Name of Division	Name of the scheme	Particulars of A/A and E/S		Particulars of T/S		Designed period (In years)	Ultimate population (No. of persons)	Stipulated period of completion (In years)	Date of start	Todate expenditure (Rs in lakh)	Date since when held up	Reasons for which heldup	Remarks
			Date	Amount (Rs in lakh)	Date	Amount (Rs in lakh)								
1.	Baggi	WSS Sarua to Tyambala	September 1999	9.45	--	--	--	801	Two	June 2000	4.53	October 2000	Dispute over source of water.	Action for settlement of dispute stated to be under process.
		WSS to PC habitation of CV Majhatal	August 2001	9.89	--	--	--	1,016	Three	September 2001	8.54	January 2002	Dispute over private land required for pump house.	Action to acquire private land stated to be in process. Provision for land acquisition for Rs 40,000 included in approved estimate.
2.	Barsar	WSS to Dasmal Maira and adjoining villages	July 1998	27.09	Nil	--	15	1,203 + 291 students	Four	June 1998	27.52	January 2000	Dispute over private land for laying of rising main.	Court case filed by the land owners was pending in Court of law. No provision for acquiring private land made in the approved estimate.
3.	Dalhousie	WSS for Kakira	June 2001	200.00	August 2001	333.00	15	8,516 + 1,743 students	Not stipulated	June 2001	40.90	January 2002	Dispute over source of water.	The dispute over tapping of source had not been resolved as yet.
4.	Jawali	WSS Sidhpur Ghar	November 1997	49.78	--	--	15	4,678 + 1,764 students	Four	1998-99	42.12	March 2002	Paucity of funds.	The scheme was being proposed for inclusion in PMGSY.
Total:				296.31				16,214 + 1,798 students			124.41			

APPENDIX-XXXIV

(Refer paragraph 4.20; Page 104)

Statement showing particulars of Irrigation Schemes held up.

Sr. No.	Name of Division	Name of the scheme	Particulars of A/A and E/S		Particulars of T/S		CCA	Stipulated period of completion	Date of start	Todate expenditure	Date since when held up	Reasons for which held up	Remarks
			Date	Amount (Rs in lakh)	Date	Amount (Rs in lakh)	(In hectares)	(In years)		(Rs in lakh)			
1.	Mandi	Construction of FIS Salari Nona	March 1996	7.93	Not obtained	Not obtained	22.69	Not stipulated in the approved estimate	April 1996	9.74	March 2003	Court case resulting from dispute over private land which had not been legally acquired by the department.	Action to acquire disputed land yet to be taken despite decision of the case in March 2003 in favour of land owner. Provision for land acquisition not included in approved estimate.
2.	Padhar	Construction of FIS to Malwara	March 1998	17.78	Not obtained	Not obtained	28.32	Three	August 2002	9.37	April 2003	Involvement of forest land in the alignment of main channel.	Action to obtain the sanction of Government of India for utilisation of forest land was stated to be in process (September 2003).
Total:				25.71			51.01			19.11			

APPENDIX-XXXV

(Refer paragraph 4.20; Page 104)

Statement showing particulars of held up building works

Sl. No.	Name of Division	Name of the building	Particulars of A/A and E/S		Particulars of T/S		Covered floor area (In Sq. ms.)	Stipulated period of completion	Date of start	To date expenditure (Rs in lakh)	Date since when held up	Reasons for which held up	Remarks
			Date	Amount (Rs in lakh)	Date	Amount (Rs in lakh)							
1.	Shimla-I	C/o Chief Office building for Irrigation and Public Health Department at Shimla (Mehli)	February 1999	197.83	Not obtained	Not obtained.	3,744	Five years	April 1999	15.58	March 2002	Non-accord of approval of the Town and Country Planning Department to the Drawings and design of the proposed building for which case was initiated in March 1998.	The expenditure incurred comprises cost of site development including construction of retaining walls at site of the proposed building.
2.	Shimla-II	C/o 4 Nos Type-II Qtrs. at Chiroi pumping station	November 1999	13.21	December 1999	8.26	Type-II Qtrs.	Six months	May 2000	5.60	January 2003	Paucity of funds.	
		C/o 4 Nos Type-II Qtrs. at Dhali pumping station	November 1999	13.21	December 1999	8.26	Type-II Qtrs.	Six months	June 2000	7.27	June 2001	Paucity of funds.	
		C/o Type-II Qtrs. At Chair	November 1999	13.16	December 1999	8.26	Type-II Qtrs.	Six months	October 2000	4.64	March 2003	Non-supplying of drawings and design and approval of extra items.	
Total:				237.41		24.78				33.09			

APPENDIX XXXVI

(Refer Paragraph 4.35; Page 124)

Year-wise break up of outstanding Inspection Reports/Paras upto June 2004

Sr. No.	Period	Name of Departments					
		Welfare		Ayurveda		Technical Education	
		IRs	Paras	IRs	Paras	IRs	Paras
1.	Upto March 1997	89	143	17	17	6	6
2.	1997-98	9	09	3	4	1	1
3.	1998-99	-	-	-	-	-	-
4.	1999-2000	7	28	2	9	3	4
5.	2000-2001	12	30	8	21	1	1
6.	2001-2002	23	130	3	15	8	8
7.	2002-2003	11	26	5	34	10	28
8.	2003-2004	46	133	3	15	8	28
Total:		197	499	51	115	37	76